3RD QTR.

1984

The Dun & Bradstreet Corporation

C3150-4

The Dun & Bradstreet Business Expectations Survey

Prepared by the Economic Analysis Department
84Q3

News

Contact: Reid H. Gearhart, (212) 593-6727

BUSINESS OPTIMISM REMAINS AT RECORD LEVELS

THIRD QUARTER PROFIT EXPECTATIONS REACH HIGHEST LEVEL IN 18 YEARS; OUTLOOK CONTINUES STRONG FOR SALES, EMPLOYMENT AND INVENTORIES

NEW YORK, July 16--Optimism among the nation's business executives continued at its highest level in five years, according to a Dun & Bradstreet Corporation survey of 1,500 business leaders.

The percentage of business leaders anticipating growth in profits surpassed an 18-year high and expectations for growth in sales, employment and inventories continued strong.

"The results of the third-quarter survey closely agree with those obtained in the previous quarter," said Joseph W. Duncan, corporate economist and chief statistician for The Dun & Bradstreet Corporation. "The nation's business leaders do not foresee an immediate slackening of economic growth in the months ahead."

The Dun & Bradstreet Profits Optimism Index increased to 75, a two point gain over the 18-year high of 73 recorded last quarter. Non-durable goods manufacturers were the most optimistic about profit increases, with an index of 79, followed by durable goods manufacturers at 77, wholesalers at 73 and retailers at 72.

The overall Sales Optimism Index (the percentage of executives expecting sales increases minus the percentage expecting decreases) was 80, just three points lower than the record of 83 established in the third quarter of 1978. Manufacturers of durable and non-durable goods were the most optimistic, with indicies of 83. The current optimism of those two sectors reflect increases of 25 points and 12 points, respectively, from the third quarter of 1983. For the latest period, wholesalers had an index of 79 and retailers 77.

The employment picture also looks strong, with one-third of the business leaders saying they were planning to increase their work force. Durable goods manufacturers led the way with 46 percent forecasting employment growth and 34 percent of non-durable manufacturers planning to add employees. In contrast, third quarter expectations for wholesalers and retailers dropped from second quarter levels.

Overall expectations regarding inventories show 50 percent of business executives anticipating increases in the third quarter, while 40 percent see no change and 10 percent foresee a decline. Specifically, 58 percent of non-durable goods manufacturers as opposed to only 44 percent of wholesalers expect an increase.

Expectations for new orders declined slightly in the third quarter, with 81 percent of all manufacturers anticipating more new orders, versus 83 percent in the last quarter. However, the outlook is far stronger than it was a year ago at 72 percent. Excluding the preceeding quarter, the current level of 81 percent is higher than it has been in any quarter since 1973.

For the third consecutive quarter, business leaders foresee price increases. Some 52 percent of those surveyed expect a rise in prices for the third quarter.

Dun & Bradstreet Corporation is the largest producer and disseminator of business information in the private sector, with revenues of more than $1.5 billion in 1983.

(Comparative Table Attached)

SURVEY OF BUSINESS EXPECTATIONS

Conducted By The Dun & Bradstreet Corporation

WHAT BUSINESS EXECUTIVES EXPECT FOR THE THIRD QUARTER OF 1984 COMPARED WITH THE THIRD QUARTER OF 1983

		All Firms	All Manu-facturers	Manufacturers		Whole-salers	Retailers
				Durables	Non-Durables		
Net Sales	(Increase)	83%	85%	85%	85%	82%	81%
	(No Change)	14%	13%	13%	13%	15%	15%
	(Decrease)	3%	2%	2%	2%	3%	4%
Net Profits	(Increase)	78%	81%	81%	82%	76%	75%
	(No Change)	19%	15%	15%	15%	21%	22%
	(Decrease)	3%	4%	4%	3%	3%	3%
Selling Prices	(Increase)	52%	54%	52%	58%	53%	49%
	(No Change)	46%	43%	45%	40%	44%	50%
	(Decrease)	2%	3%	3%	2%	3%	1%
Inventories*	(Increase)	50%	54%	55%	51%	44%	49%
	(No Change)	40%	36%	35%	39%	45%	42%
	(Decrease)	10%	10%	10%	10%	11%	9%
Employment	(Increase)	31%	42%	46%	34%	24%	21%
	(No Change)	65%	55%	51%	64%	72%	74%
	(Decrease)	4%	3%	3%	2%	4%	4%
New Orders	(Increase)		81%	82%	79%		
	(No Change)		17%	15%	29%		
	(Decrease)		2%	3%	1%		

*End of Quarter

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July 16, 1984
(1246B)

4TH QTR. 1984

The Dun & Bradstreet Corporation

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The Dun & Bradstreet Business Expectations Survey

Prepared by the Economic Analysis Department

84Q4

For Immediate Release

News

Contact: Reid H. Gearhart, (212) 593-6727

BUSINESS OPTIMISM DECREASES SLIGHTLY BUT REMAINS AT HIGH LEVELS

OUTLOOK STRONG FOR SALES, PROFITS AND EMPLOYMENT; SELLING PRICES EXPECTED TO LEVEL OFF

NEW YORK, Oct. 25--Business executives expect increases in sales, profits and employment in the fourth quarter, but the outlook is not as strong as it was in the third quarter, according to the latest Dun & Bradstreet Business Expectations Survey of over 1,400 business leaders.

For the first time in nine quarters, the survey's results show that optimism decreased slightly.

Nevertheless, the slight decrease in optimism should not be misinterpreted. "The economy is still growing, but at a slower and more sustainable rate," noted Joseph W. Duncan, corporate economist and chief statistician of The Dun & Bradstreet Corporation. "Compared with the levels of optimism recorded during the recession, the current levels are still very high."

The Dun & Bradstreet Sales Optimism Index (the percentage of executives expecting sales increases minus the percentage expecting decreases) declined 4 points to 79. Confidence among retailers and manufacturers of durable and non-durable goods decreased 3 points.

A total of 73 percent of all executives surveyed expected an increase in net profits, a decrease of 5 percent. The Dun & Bradstreet Profits Optimism Index fell below 70 points for the first time in three quarters, decreasing 7 points to 68. Manufacturers again had the highest expectations, as 78 percent of those producing non-durable goods and 76 percent of those producing durable goods had hopes of increasing profits.

Selling prices are expected to remain the same by 53 percent of those surveyed. This is the first time in three quarters that a majority of executives had not expected prices to rise. Retailers were a major factor in this shift, with 60 percent expecting prices to remain the same.

Less than half of the executives polled -- 45 percent, a decrease of 5 percent -- expected inventories to increase. This expectation was spread fairly evenly across all types of business.

Expectations of increases in employment decreased 2 percent to 29. This change also was predicted across all forms of business.

New orders from manufacturers also were expected to be down 2 percent, falling to 79 percent, their lowest level in four quarters. Expectations among manufacturers of durable goods were down 3 percent to 79. Despite the slight decline, the current level is the third-highest for any quarter since 1973.

The Dun & Bradstreet Corporation is the world's largest producer and disseminator of business information and related services. Including revenues of the recently-acquired A.C. Nielsen Company, worldwide operating revenues of The Dun & Bradstreet Corporation are expected to be well in excess of $2 billion in 1984.

(See Attached Table and Charts)

SURVEY OF BUSINESS EXPECTATIONS

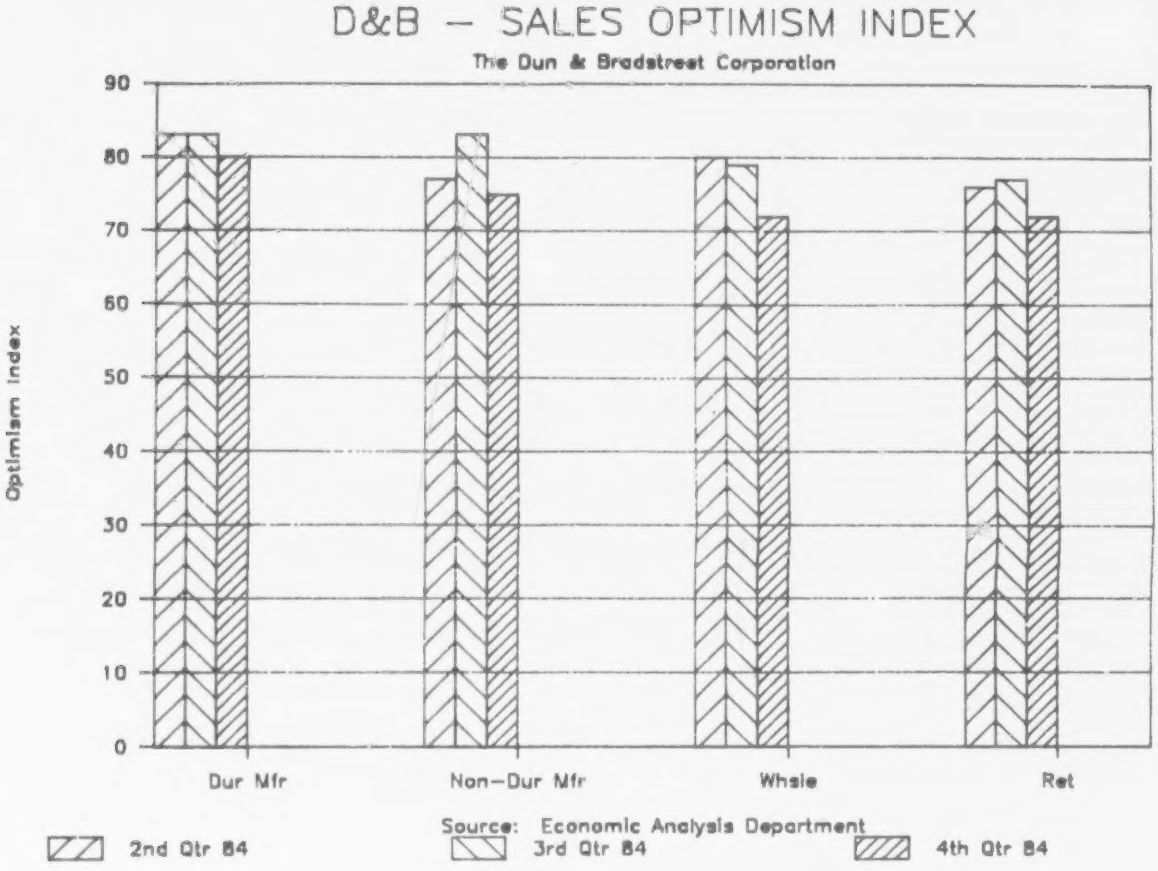
Conducted by The Dun & Bradstreet Corporation
Economic Analysis Department

WHAT BUSINESS EXECUTIVES EXPECT FOR THE FOURTH QUARTER OF 1984 COMPARED WITH THE FOURTH QUARTER OF 1983

(Interview Period: August 1984)

		All Firms	All Manufacturers	Manufacturers Durables	Manufacturers Non-Durables	Wholesalers	Retailers
	Number Reporting:	1,444	605	422	183	430	409
	-- Increase	79%	82%	82%	81%	77%	78%
Net Sales	% Expecting -- No Change	17%	14%	15%	14%	19%	17%
	-- Decrease	4%	4%	3%	5%	4%	5%
	Number Reporting:	1,389	575	402	173	418	396
	-- Increase	73%	77%	76%	78%	70%	72%
Net Profits	% Expecting -- No Change	22%	18%	20%	13%	25%	24%
	-- Decrease	5%	5%	4%	9%	5%	4%
	Number Reporting:	1,397	582	412	170	420	395
	-- Increase	44%	47%	46%	51%	46%	38%
Selling Prices	% Expecting -- No Change	53%	49%	50%	46%	51%	60%
	-- Decrease	3%	4%	4%	3%	3%	2%
	Number Reporting:	1,425	598	417	181	421	406
	-- Increase	45%	48%	51%	42%	40%	46%
Inventories*	% Expecting -- No Change	42%	40%	37%	46%	47%	40%
	-- Decrease	13%	12%	12%	12%	13%	14%
	Number Reporting:	1,438	602	419	183	431	405
	-- Increase	29%	38%	42%	29%	25%	21%
Employment	% Expecting -- No Change	66%	58%	54%	68%	70%	72%
	-- Decrease	5%	4%	4%	3%	5%	7%
	Number Reporting:		582	407	175		
	-- Increase		79%	79%	78%		
New Orders	% Expecting -- No Change		17%	18%	16%		
	-- Decrease		4%	3%	6%		

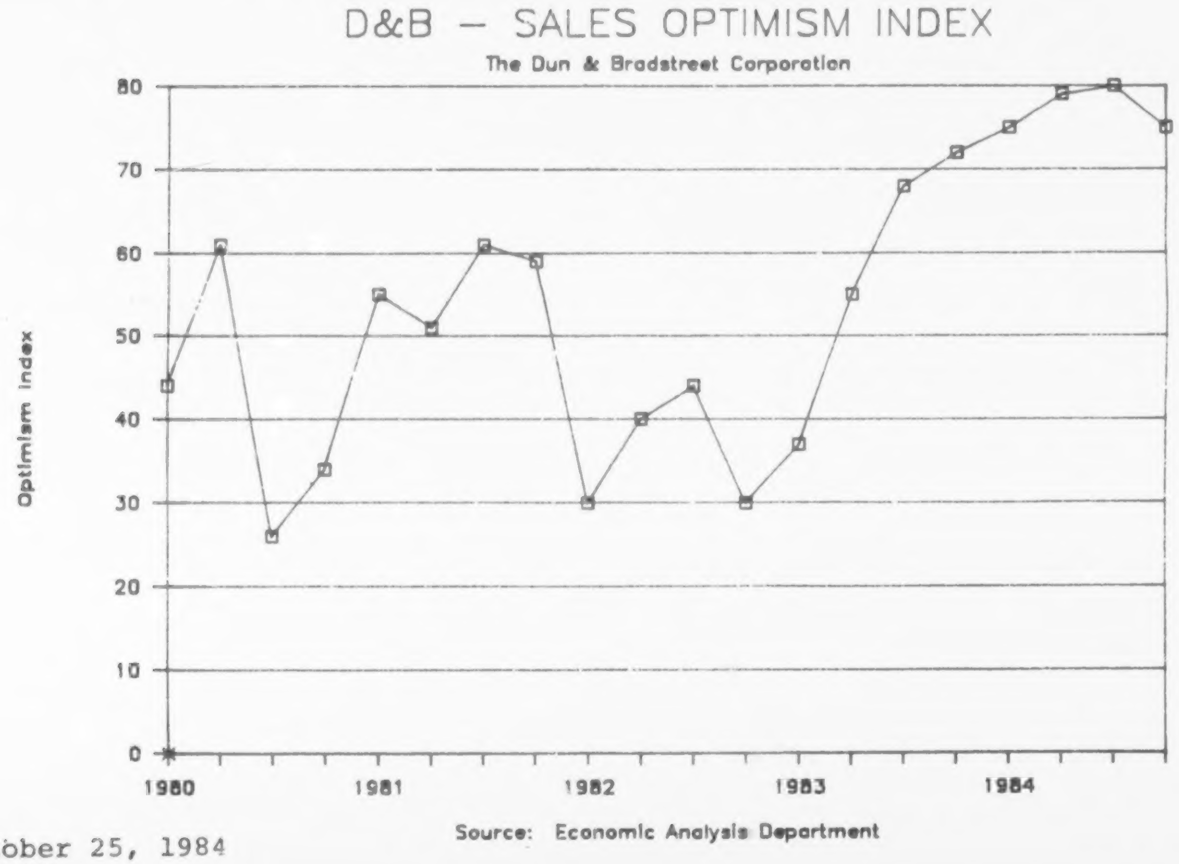
*End of Quarter



D&B – SALES OPTIMISM INDEX

The Dun & Bradstreet Corporation

Source: Economic Analysis Department



D&B – SALES OPTIMISM INDEX

The Dun & Bradstreet Corporation

Source: Economic Analysis Department

)ctober 25, 1984
(1904)

1ST QTR.

1985

The Dun & Bradstreet Corporation

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The Dun & Bradstreet Business Expectations Survey

Prepared by the Economic Analysis Department

85Q1

For Immediate Release

News

Contact: Reid H. Gearhart, (212) 593-6727

FIRST-QUARTER 1985 BUSINESS EXPECTATIONS STRONG, BUT DOWN FROM NEAR-RECORD HIGHS OF 1984

DECREASE IN OPTIMISM REFLECTS SLOWDOWN IN ECONOMY

NEW YORK, Jan. 2--First-quarter business expectations are high, but levels of optimism have declined from the near-record peaks reached in 1984, according to The Dun & Bradstreet Corporation's latest nationwide quarterly survey of business executives.

The survey results indicate that expectations for higher sales, profits and new orders are not as strong as they were for the fourth quarter of 1984. Nevertheless, employment is expected to remain relatively strong and prices should remain stable, thereby keeping a lid on inflation.

"The economic expansion has slowed to a more moderate pace following the very strong gains made in the first three quarters last year, and the results of our current survey clearly reflect that fact," said Joseph W. Duncan, chief economist for Dun & Bradstreet. "Yet, despite the recent decreases in optimism, expectations are still high compared with the levels reached in 1982 and 1983."

Dun & Bradstreet asked 1,450 executives if they expected increases, decreases or no changes in first-quarter sales, profits, employment, prices, inventories and new orders.

Regarding expectations for net sales, 73 percent of the executives surveyed expect increases, down from 79 percent in the preceding quarter. A breakdown of the results by industry sector showed that the percentage of manufacturers (durable and non-durable) expecting increases in sales showed the largest decrease, dropping to 72 percent from 82 percent in the preceding quarter. The percentage of wholesalers expecting increases stayed about the same at 76 percent. Five percent of all the firms surveyed expect decreases in net sales in the next quarter.

Dun & Bradstreet's sales optimism index (the percentage of respondents expecting sales increases minus the percentage expecting decreases) fell seven points to 68 from 75 in the preceding quarter. It was the second straight quarterly decrease in the index after seven consecutive increases. Despite the decline, the current index of 68 is higher than it was in any quarter from the fourth quarter of 1979 through the second quarter of 1983.

The percentage of executives expecting increases in net profits also decreased, falling to 66 percent from 73 percent in the preceding quarter. Non-durable manufacturers recorded the largest decrease, with a drop of 11 percentage points to 67 percent from

78 percent. Five percent of all the respondents said they expect profits to decrease in the first quarter.

Dun & Bradstreet's profits optimism index (the percentage of respondents expecting increases in profits minus the percentage expecting decreases) fell seven points to 61 from 68 in the previous quarter. The profits optimism index has paralleled movements in the sales optimism index, decreasing for two quarters after increasing in the previous seven quarters. The current profits index of 61 is higher than it was in any quarter from the fourth quarter of 1979 through the third quarter of 1983.

The percentage of respondents expecting increases in employment decreased to 24 percent from 29 percent in the last quarter. Non-durable manufacturers recorded the sharpest drop in employment expectations with 16 percent forecasting increases in the next quarter versus 29 percent in the previous quarter. In contrast, expectations among wholesalers held steady with 25 percent of those surveyed again planning to add to their payrolls. Decreases in employment were forecast by five percent of the firms surveyed.

The Dun & Bradstreet employment expectations index (the percentage of respondents expecting increases in employment minus the percentage expecting decreases) dropped to 19 from 24 in the previous quarter. It was the second straight decrease in the index after it leveled off at a high of 27 in the second and third quarters of 1984. Prior to the second quarter last year, the index had increased dramatically, climbing from -4 in the fourth quarter of 1982, when employers forecast cutbacks, to 24 in the first quarter of 1984. Despite the recent decreases in the employment optimism index, the job outlook remains relatively strong considering the large gains made during the past two years.

The survey results on price expectations suggest that inflation should remain stable in the near future. The percentage of respondents expecting to increase selling prices in the first quarter decreased to 39 percent from 44 percent in the previous quarter. In terms of industry sectors, the percentage of firms expecting increases in prices dropped most sharply among non-durable manufacturers, falling to 39 percent from 51 percent. Only three percent of all those surveyed expect prices to decrease.

Fewer firms also expect to increase their inventories, according to the survey results. Forty percent of those surveyed expect to build their inventories in the first quarter, down from 45 percent in the previous quarter. A breakdown of the results by industry sector, however, shows that the percentage of wholesalers planning to increase inventories rose slightly to 41 percent. The percentage of respondents planning to decrease inventories held steady at 13 percent. The percentage of retailers planning to decrease their inventories rose to 18 percent from 14 percent in the previous quarter. In contrast, the percentage of wholesalers expecting decreases in inventories fell to nine percent from 13 percent.

Among the manufacturers surveyed, the percentage of firms expecting increases in new orders decreased to 70 percent from 79 percent. The percentage of firms expecting decreases in new orders rose to five percent from four percent.

The Dun & Bradstreet Corporation is the world's largest producer and disseminator of business information and related services. Including revenues of the recently-acquired A.C. Nielsen Company, worldwide operating revenues of The Dun & Bradstreet Corporation are expected to be well in excess of $2 billion in 1984.

(See attached tables)

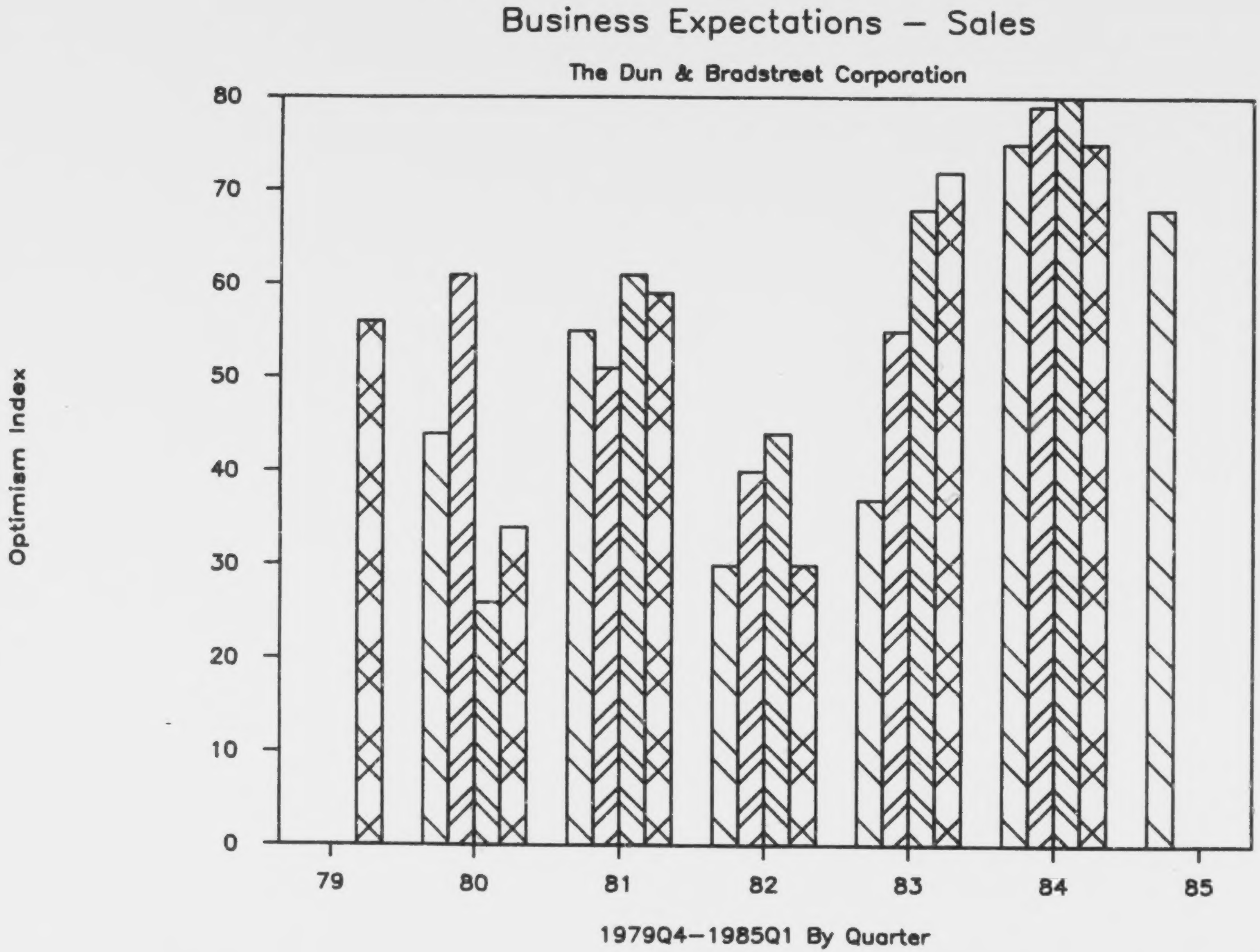
SURVEY OF BUSINESS EXPECTATIONS
Conducted by Dun & Bradstreet

WHAT BUSINESS EXECUTIVES EXPECT FOR THE FIRST QUARTER OF 1985 COMPARED WITH THE FIRST QUARTER OF 1984

(interview Period: November 12 to 26, 1984)

			All Firms	All Manufacturers	Manufacturers		Wholesalers	Retailers
					Durables	Non-Durables		
	Number Reporting:		1,433	614	445	169	412	407
		-- Increase	73%	72%	71%	72%	76%	70%
Net Sales	% Expecting	-- No Change	22%	22%	22%	23%	20%	24%
		-- Decrease	5%	6%	7%	5%	4%	6%
	Number Reporting:		1,373	583	424	159	400	390
		-- Increase	66%	69%	70%	67%	63%	64%
Net Profits	% Expecting	-- No Change	29%	26%	25%	29%	32%	30%
		-- Decrease	5%	5%	5%	4%	5%	6%
	Number Reporting:		1,405	602	437	165	405	398
		-- Increase	39%	42%	42%	39%	41%	34%
Selling Prices	% Expecting	-- No Change	58%	56%	56%	57%	55%	62%
		-- Decrease	3%	2%	2%	4%	4%	4%
	Number Reporting:		1,418	607	443	164	407	404
		-- Increase	40%	40%	43%	34%	41%	38%
Inventories*	% Expecting	-- No Change	47%	49%	45%	56%	50%	44%
		-- Decrease	13%	11%	12%	10%	9%	18%
	Number Reporting:		1,430	614	445	169	411	405
		-- Increase	24%	29%	34%	16%	25%	15%
Employees*	% Expecting	-- No Change	71%	67%	61%	77%	73%	79%
		-- Decrease	5%	4%	5%	7%	2%	6%
	Number Reporting:			600	441	159		
		-- Increase		70%	70%	69%		
New Orders	% Expecting	-- No Change		25%	25%	27%		
		-- Decrease		5%	5%	4%		

* End of Quarter

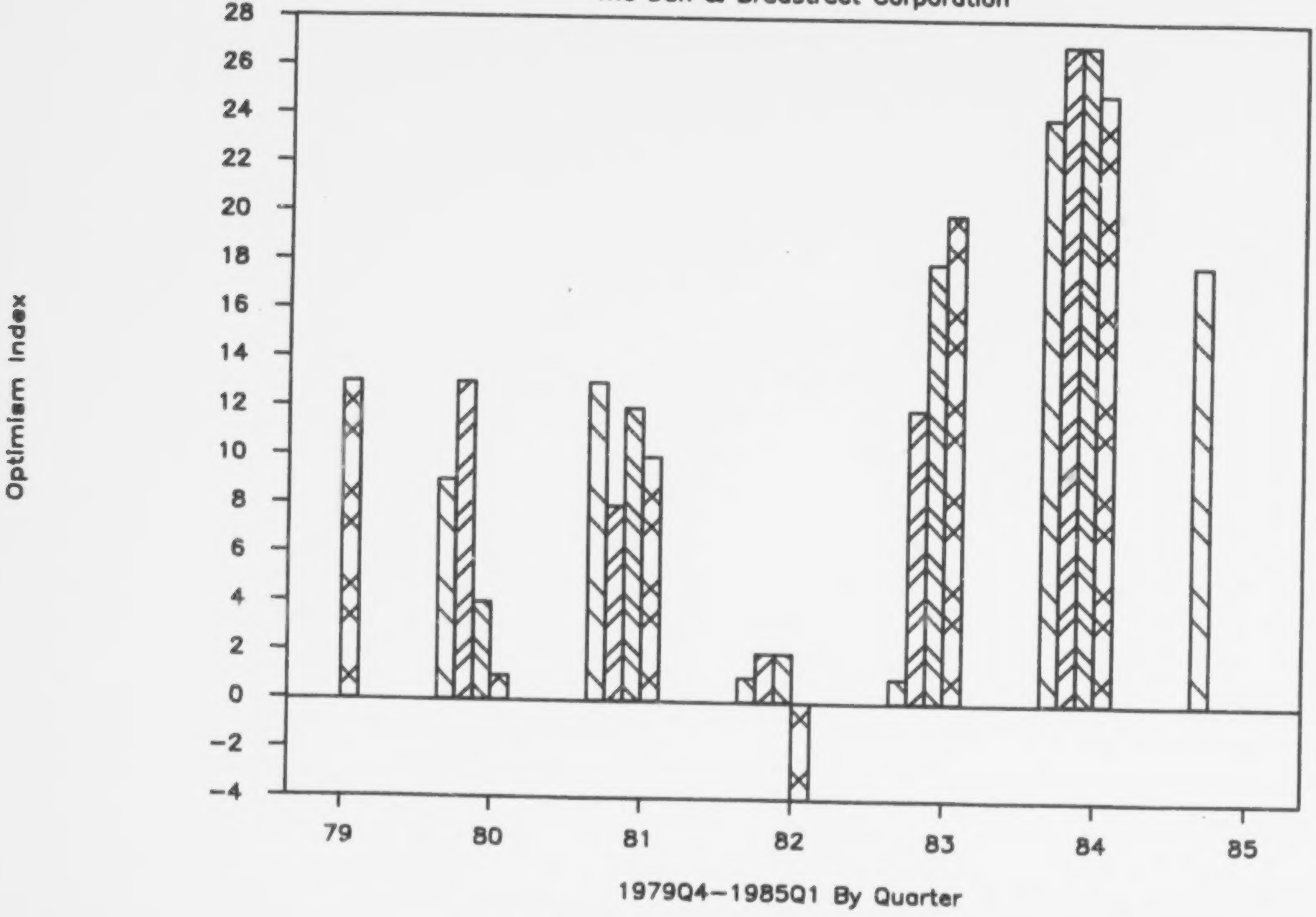


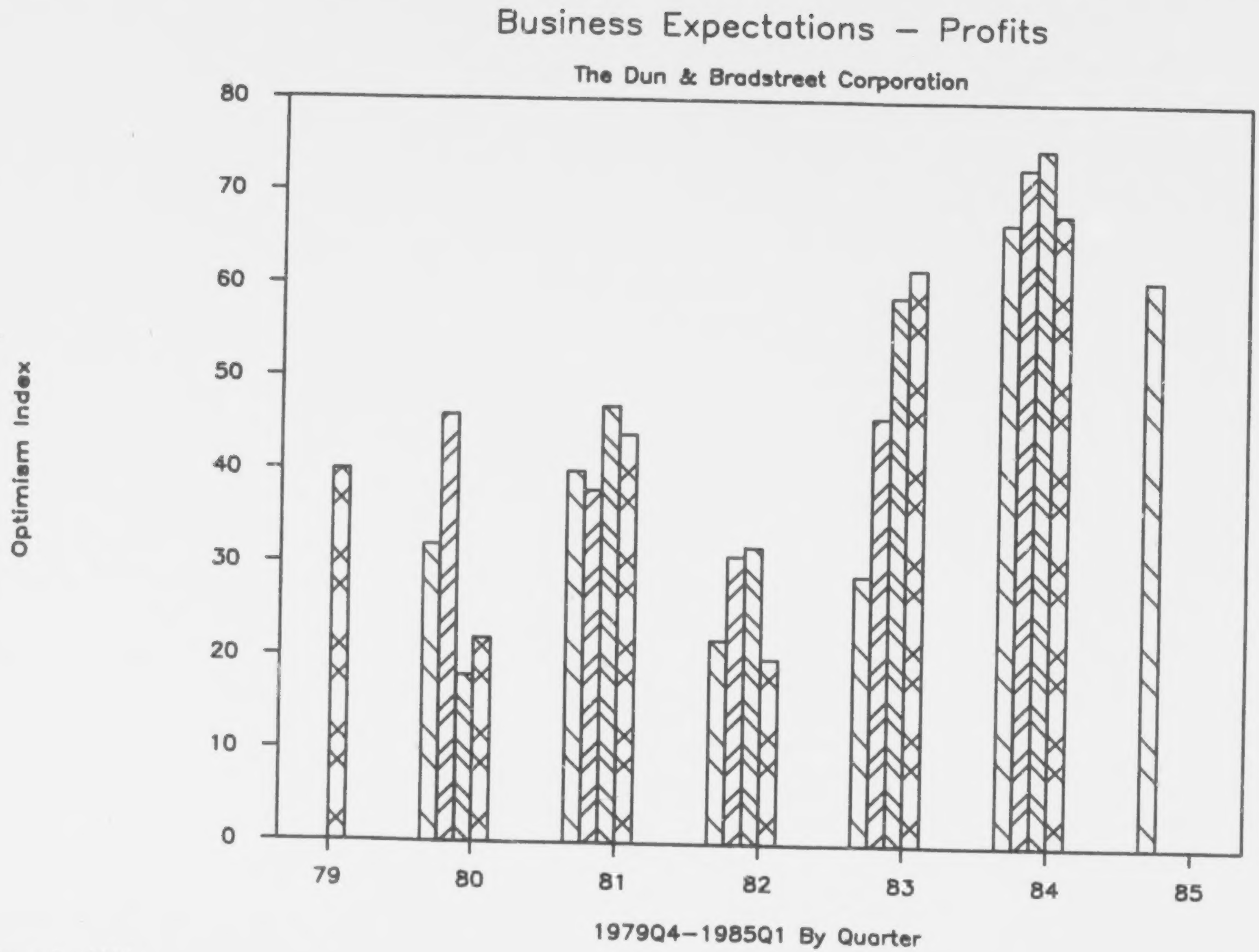
Business Expectations – Sales

The Dun & Bradstreet Corporation

Business Expectations – Employment

The Dun & Bradstreet Corporation





January 2, 1984
(2317)

2ND QTR.
1985

D&B The Dun & Bradstreet Corporation

L3150-4

The Dun & Bradstreet Business Expectations Survey

Prepared by the Economic Analysis Department

News

85Q2

For Immediate Release

Contact: Reid H. Gearhart, (212) 593-6727

SECOND-QUARTER BUSINESS EXPECTATIONS INCREASE

OUTLOOK IMPROVES FOR SALES, PROFITS, EMPLOYMENT AND NEW ORDERS AFTER DECLINING FOR TWO QUARTERS

NEW YORK, April 1--Despite forecasts of slower economic growth in 1985, the nation's business leaders are more optimistic about the outlook for sales, profits and employment in the second quarter than they were in the first quarter, according to the latest nationwide survey of 1,400 executives by The Dun & Bradstreet Corporation.

"Business expectations remain strong at this time in spite of the uncertainties expressed by many economic forecasters," said Joseph W. Duncan, corporate economist and chief statistician for The Dun & Bradstreet Corporation.

Second-quarter business expectations increased for sales, profits, inventories, employment and new orders, compared with expectations for the first quarter.

Business optimism, after reaching a near-record high in the third quarter last year, had decreased in the fourth and first quarters.

Mr. Duncan noted that the current increase in optimism was prompted partly by the strengthening in the economy in the fourth quarter last year. "Moreover, I think the federal government has shown that it is determined to deal with the deficit, which is easing concerns over a potential credit crunch," said Mr. Duncan.

The percentage of firms expecting increased sales in the second quarter rose to 75 percent from 73 percent in the first quarter. Expectations for increased sales were almost identical for all sectors, ranging from a high of 76 percent among manufacturers to a low of 74 percent among retailers.

The Dun & Bradstreet Sales Optimism Index (the percentage of executives expecting sales increases minus the percentage expecting decreases) increased one point to 69. Confidence among retailers was weakest at 68 points, but this was an improvement over the 64 points of the preceding quarter. Manufacturers, both durable and non-durable, had a Sales Optimism Index level of 71.

A total of 67 percent of all executives surveyed expected an increase in net profits, up from 66 percent in the preceding quarter. The highest expectations for profits were among manufacturers of non-durable goods, with 73 percent expecting increases. Retailers had the lowest expectations with 64 percent expecting increases.

The Dun & Bradstreet Profits Optimism Index (the percentage of executives expecting profits increases minus the percentage expecting decreases) rose one point to 62. Manufacturers of non-durable goods had the highest Profits Optimism Index at 68, while retailers registered the lowest index at 60.

Increases in selling prices were expected by 41 percent of all executives, up from 39 percent in the previous quarter. Retailers were a major factor in the shift, with 43 percent expecting prices to rise, nine percentage points more than in the preceding quarter. Manufacturers of non-durable goods recorded a seven percentage-point increase to 46 percent.

Increases in inventories were expected by 43 percent of the executives surveyed, compared with 40 percent in the first quarter. Manufacturers of durable goods and retailers recorded the largest increases at five percentage points.

Expectations of increases in employment rose four percentage points to 28. The largest gains were predicted by manufacturers of non-durable goods, with 29 percent expecting to increase their payrolls, a gain of 13 percentage points over the level in the preceding quarter.

New orders are expected to increase by 74 percent of the manufacturers surveyed, up from 70 percent in the preceding quarter. Expectations of increased new orders among manufacturers of durable goods rose six percentage points to 76, while expectations of increases among manufacturers of non-durable goods rose three percentage points to 72 percent.

The Dun & Bradstreet Corporation is the world's largest producer and disseminator of business information and related services, with worldwide operating revenues of nearly $2.4 billion in 1984.

(See Attached Tables)

SURVEY OF BUSINESS EXPECTATIONS
Conducted by Dun & Bradstreet

WHAT BUSINESS EXECUTIVES EXPECT FOR THE SECOND QUARTER OF 1985 COMPARED WITH THE SECOND QUARTER OF 1984

[Interview Period: February 11 to 26, 1985]

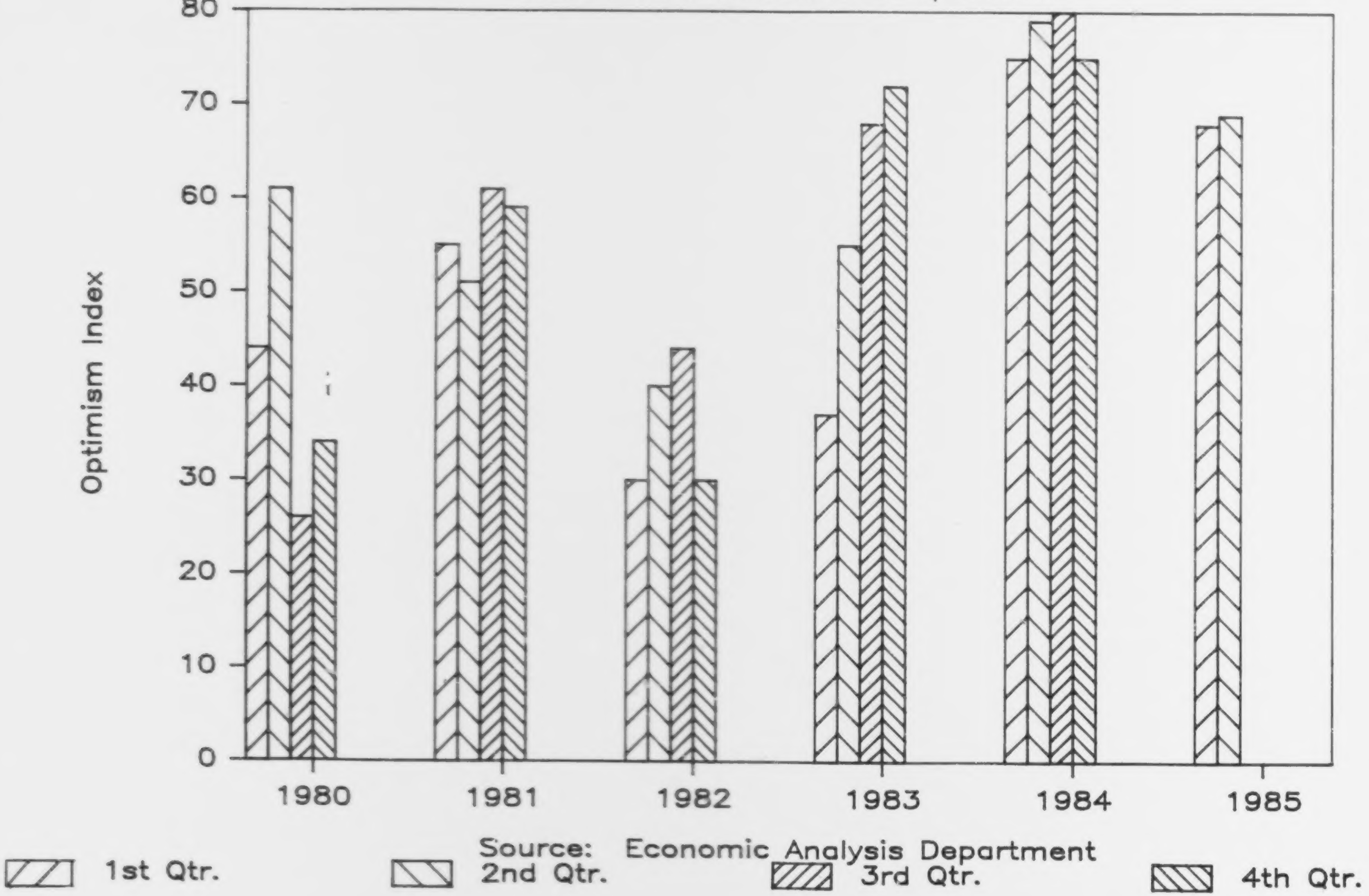
			All Firms	All Manu-facturers	Manufacturers Durables	Manufacturers Non-Durables	Whole-salers	Retailers
	Number Reporting:		1,420	601	385	216	444	375
Net Sales	% Expecting	— Increase	75%	76%	76%	75%	75%	74%
		— No Change	19%	19%	19%	21%	19%	20%
		— Decrease	6%	5%	5%	4%	6%	6%
	Number Reporting:		1,361	576	369	207	427	358
Net Profits	% Expecting	— Increase	67%	70%	68%	73%	66%	64%
		— No Change	28%	25%	27%	22%	29%	32%
		— Decrease	5%	5%	5%	5%	5%	4%
	Number Reporting:		1,379	584	377	207	428	367
Selling Prices	% Expecting	— Increase	41%	42%	39%	46%	37%	43%
		— No Change	55%	55%	58%	50%	57%	53%
		— Decrease	4%	3%	3%	4%	6%	4%
	Number Reporting:		1,396	581	376	215	434	371
Inventories*	% Expecting	— Increase	43%	44%	48%	39%	40%	43%
		— No Change	45%	44%	42%	46%	47%	45%
		— Decrease	12%	12%	10%	15%	13%	12%
	Number Reporting:		1,426	604	385	219	449	373
Employees*	% Expecting	— Increase	28%	33%	36%	29%	27%	21%
		— No Change	68%	63%	60%	66%	69%	73%
		— Decrease	4%	4%	4%	5%	4%	6%
	Number Reporting:			584	377	207		
New Orders	% Expecting	— Increase		74%	76%	72%		
		— No Change		21%	19%	24%		
		— Decrease		5%	5%	4%		

* End of Quarter

April 1, 1985
(0548)

Business Expectations — Sales

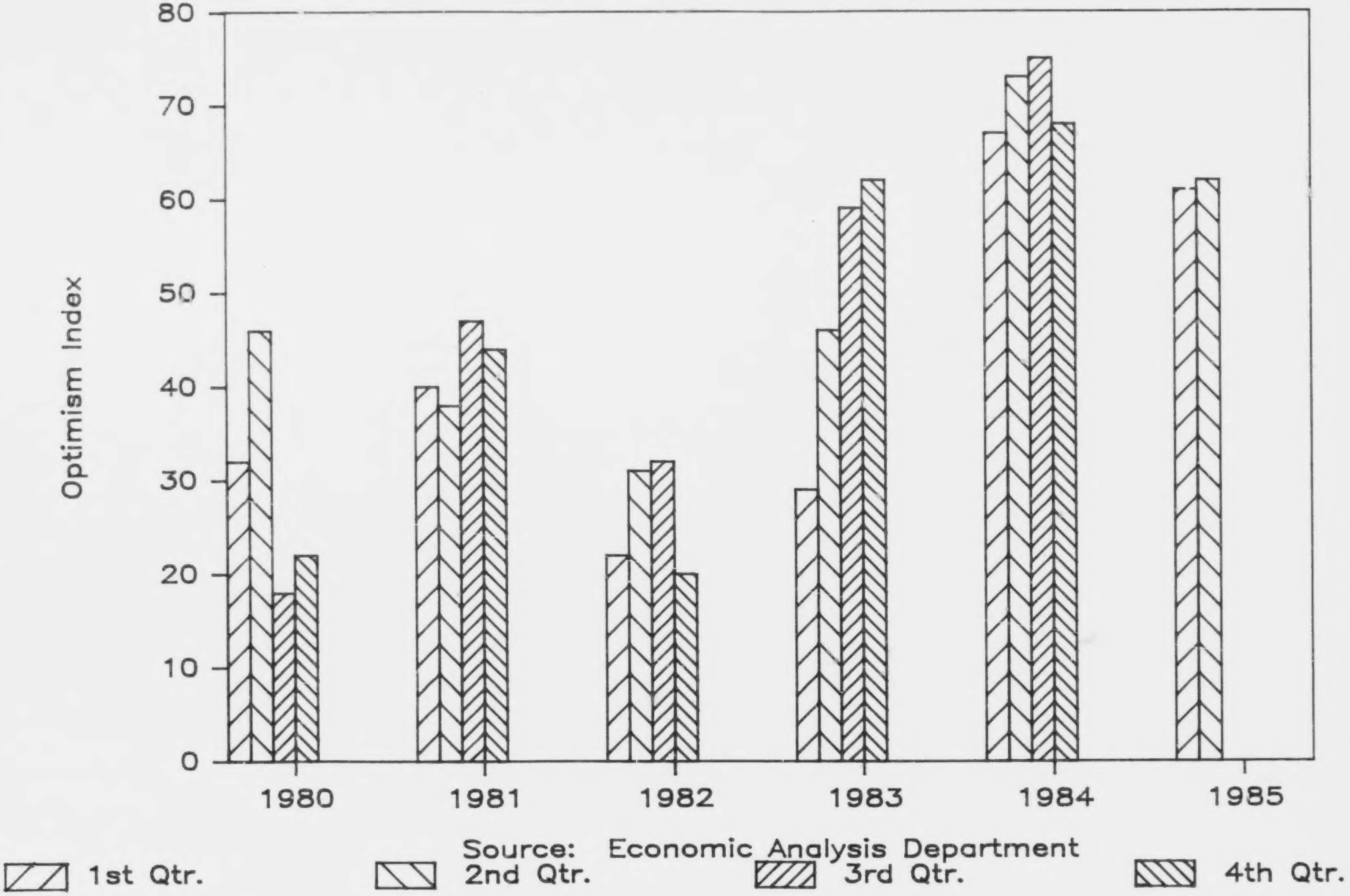
The Dun & Bradstreet Corporation



Source: Economic Analysis Department

Business Expectations — Profits

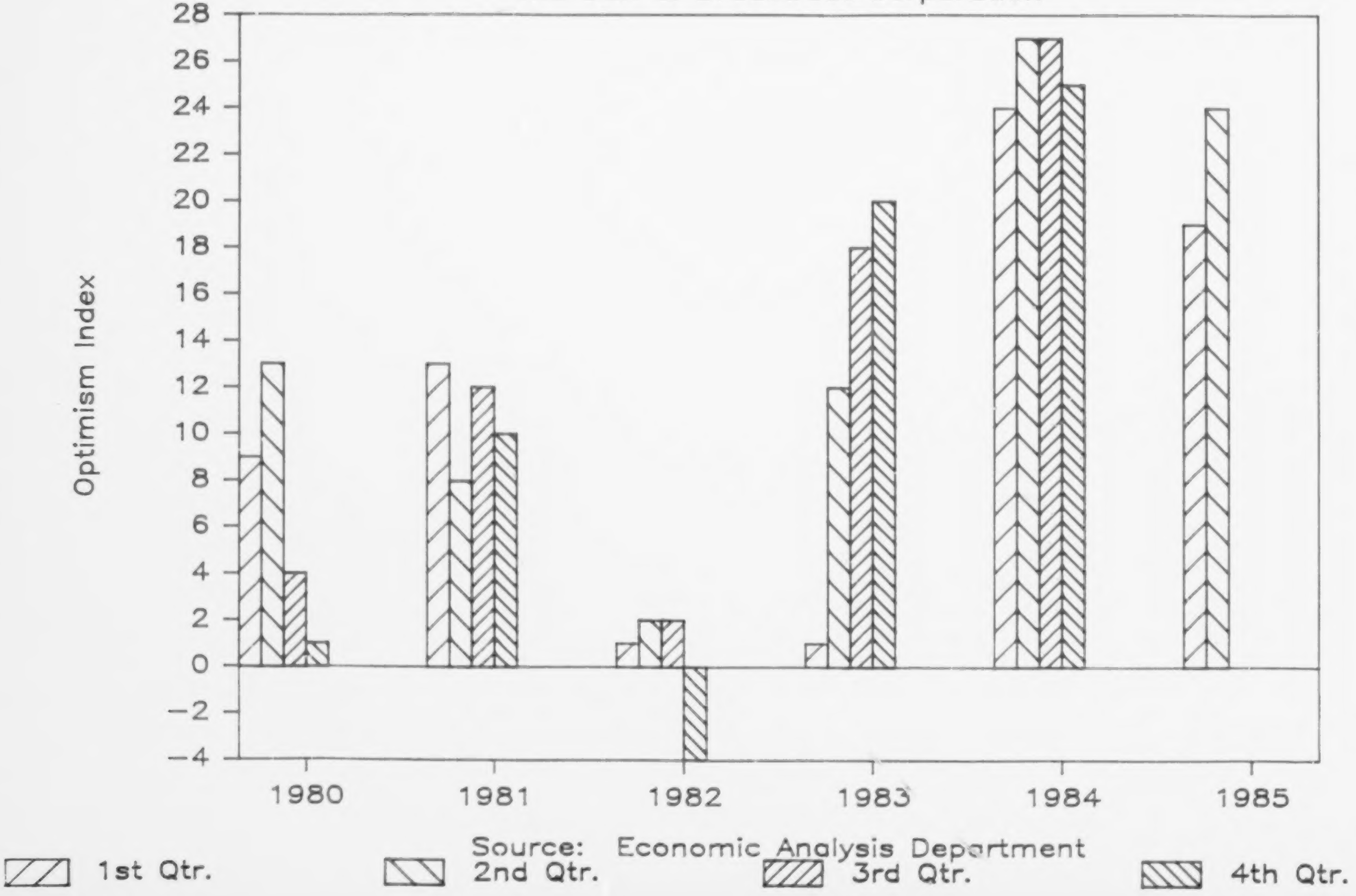
The Dun & Bradstreet Corporation



Source: Economic Analysis Department

Business Expectations — Employment

The Dun & Bradstreet Corporation



Source: Economic Analysis Department

Supermarketers are shying away from the use of once popular skylight effects.

ment with them at an old store in Chicago that Dominick's was about to close. By experimenting with the height, distance and spacing between fixtures and the angling of individual lampholders, a determination was made on just how the installations should be carried out.

What Burgess eventually designed was a lighting grid that spans the fresh produce department, the adjoining bulk food section and the fresh floral areas. On this grid, which is dropped about 2 ft. from the ceiling, lampholders have been installed that can be directed to any point in the merchandising area.

The grid and lampholders are painted a deep green "to differentiate this area from others in the store," says Louis Germano, Dominick's corporate architect. He adds, "The dark green color is a bold one that relates to the fresh products."

One of the first projects where this lighting was used was at a Dominick's Finer Foods store in Morton Grove, a Chicago suburb. At that location one of the major concerns was that heat from the lights would dry out plants in the floral department. However, according to Bernadette Falbo, the floral clerk, "With the new lights the problem never arose. It just didn't happen."

At Dominick's new Family Center, a 63,000-sq.-ft. addition to the chain, approximately 970 ft. of track holds 300 fixtures. These illuminate not only the fresh produce but also deep bins that hold an extensive selection of bulk foods.

Burgess also discovered another advantage to using these cool lights when he installed them in this store's meat department. Originally, 150 watt cool PAR lamps had been installed above the counter. However, because this particular store is open 24 hours a day, seven days a week, there was concern that this would create too much of a heat build-up on the meat. Burgess decided to replace these by installing Halo downlights with 50 watt narrow floor MR16 lamps.

To make certain he was getting enough light, he tested with a light meter and found that he was getting 250 footcandles of illumination with these low-voltage lamps. With the 150W PAR, he got only 234 footcandles. "We now have more light for less money—more footcandles with two-thirds less energy. And less chance of spoilage," he points out.

Because prices for merchandise fluctuate, it is difficult to quantify the degree of spoilage, but Dominick's team feels that this cool light definitely makes a major contribution toward Dominick's dollar saving objectives.

"If you figure 6¢ a kilowatt hour at a store that is open 24 hours a day," explains Burgess, "using about 300 lamps at 150 watts each, divided by 1,000, you save about $600 per store per year on the low voltage alone. This is savings aside from what must be food spoilage and air conditioning costs.

"In addition," he says, "we get better illumination and true color. We expect that the cost of the lighting system will be amortized in a little more than a year."

However, aside from the economics, Dominick's has found another competitive edge. As Germano comments, "It's not only the attractive appearance of the fixtures, but the overall ambience for food shopping that we've established and improved." The lighting system lets "the natural color and the beauty of the product act as the highlight to make it more appetizing and inviting." ■

Lifespan of interior lighting

	Total	Discount	Drug	Supermarket	Department	Home Center	Apparel Specialty
(Bases)	(180)*	(30)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%	%
4 years or less	6	17	13	—	—	3	3
5 years	6	7	3	7	3	—	17
6-9 years	7	7	3	7	10	3	13
10 years	25	17	23	30	20	30	30
11-14 years	6	3	7	17	10	—	—
15 years	16	17	13	17	20	20	10
16-19 years	3	7	3	—	3	3	—
20 years	16	13	17	10	23	23	7
More than 20 years	1	3	—	—	3	—	—
Forever	12	10	17	13	7	10	13
Was never replaced	1	—	—	—	—	3	3
Don't know/ no answer	1	—	—	—	—	3	3
(MEAN)	(12.2)	(11.6)	(11.7)	(12.0)	(14.2)	(13.9)	(9.6)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive research*

Written honesty tests gain favor as screening tools

When retailers talk about shrinkage, they are referring to a problem that has three distinct components: employee theft, shoplifting and paperwork errors.

Cost per square foot for security systems

	Total	Discount	Drug	Supermarket	Department	Home Center	Apparel Specialty
(Bases)	(180)*	(30)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%	%
Less than $0.10	16	13	20	23	7	17	17
$0.10-$0.14	17	17	17	17	13	17	20
$0.15-$0.25	16	30	20	10	20	7	7
$0.26-$0.50	17	7	20	13	27	17	17
$0.51-$0.75	6	7	3	7	13	3	3
$0.76-$1.00	4	—	10	3	7	3	3
$1.01-$2.00	4	10	3	—	3	—	10
$2.00 +	2	—	—	3	—	—	10
Don't have security systems	10	10	7	17	—	20	7
Don't know/ no answer	7	7	—	7	7	17	7
Refused	1	—	—	—	3	—	—
(MEAN)	($0.39)	($0.37)	($0.33)	($0.34)	($0.39)	($0.25)	($0.65)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive research*

Lifespan

	Mean (in years)
(Base)	8.9
Total	8.9
Discount	7.7
Drug	9.3
Supermarket	8.7
Department	10.3
Home Center	9.5
Apparel Specialty	8.2

Source: *Chain Store Age Executive research*

While there are no hard facts to determine which accounts for the greatest amount of loss, it is generally accepted that each incidence of employee theft is greater than each occurrence of shoplifting.

Because of this, many employers are looking for various ways to weed out bad risks, among them are pen and pencil honesty tests.

Right now, there are on the market two types of written honesty tests.

The first test measures honesty in an indirect manner, exploring a person's psychological make up. Specifically, these tests measure feelings of dissatisfaction with life and disillusionment with surroundings.

The other form of test available to retailers is standardized and purchased from a testing company.

The tests are transparent. Their purpose, determining a person's honesty level, is obvious to applicants.

Employers administer the tests to job applicants and then call in the applicant's responses to an 800 number set up by the testing company. The responses are fed into a computer and rating for the applicant is referred back to the employer. Applicants who are rejected by the employer are those categorized as "high risk."

While it seems unlikely that an applicant would admit to a previous incidence of stealing, it is common, says one retailer using the test. Donald Walker, assistant general counsel for Genesco, Nashville, Tenn., reports that his rejection rate is about 20% to 25% per month. These, he says, are "high risk" applicants.

Genesco previously used polygraph tests in the screening process but has abandoned them in favor of an honesty test. While he can't put an exact dollar amount on what the tests have saved the company, Walker does say that there has been a drop in losses in those areas of the company where the test is now administered to new hires. ■

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Northdale Court, Tampa, uses a mechanically fastened single-ply system from Cooley.

Single-ply roofs: More go up as their prices come down

"I would use single-ply on any of my roofs. I have 15 of them," reports Perry Schwer, construction manager of Quality Stores, North Muskegon, Mich. "We started switching over eight years ago."

Like many retailers using single-ply today, Schwer was prompted to make the switch by his need for a better product. "I didn't feel my built up roofs [BURs] were of the quality that they used to be," he says, "and we were looking for something that would give us fewer problems. Previously, we'd had BURs that were only two or three years old that we were having problems with already." While he admits that many of the problems are related to workmanship, he maintains that the quality of materials is declining as well.

Many retailers also report that another stumbling block to single-ply has been removed: the price disparity between it and BURs is rapidly disappearing. That's because the competition between the number of new manufacturers entering the market has brought down the price of single-ply.

Cost per square foot for roof types

	Total	Discount	Drug	Supermarket	Department	Home Center
(Mean Base)						
Metal (36)	$2.50	$3.67	$2.42	$3.75	$2.67	$1.88
Single ply membrane (110)	2.39	1.93	2.64	2.94	2.47	1.61
BUR (138)	2.16	1.94	2.16	2.21	2.75	1.75
Fabric (1)	1.75	—	—	—	1.75	—

Source: *Chain Store Age Executive* research

Types of roofing

	Total	Discount	Drug	Supermarket	Department	Home Center
(Bases)	(150)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%
BUR	53	53	40	70	60	40
Single ply membrane	41	40	30	43	63	30
Metal	19	23	10	3	17	43
Fabric	1	—	—	—	7	—
All other mentions	3	3	13	—	—	—
Don't know/ no answer	10	10	27	3	7	3

*Adds to more than 100% due to multiple responses

Source: *Chain Store Age Executive* research

"The best [built up] roof I could get from one manufacturer was very near in cost to a single-ply," Schwer states. "So we made the decision to go with single-ply because of the 10 year warranty." A built up roof with a 10 year warranty may have been somewhat cheaper, he says, but it wouldn't have even lasted the 10 years it was warranted for.

Like Schwer, the number of single-ply converts around the country is growing. They cite "ease of installation," "durability" and "easy maintenance" as being the main advantages.

Says Schwer, "The big problem with retailers is that a lot of our roofs are flat and BURs can't hold up to water. They're not designed to hold water, they're designed to shed water. And if it's a dead level BUR, it will deteriorate a lot faster."

However, the retailers who sing its praises have used single-ply extensively. Others, who have no experience with the relatively new product, still cling to the drawbacks that were cited when single-ply was first introduced to this country.

"I have mixed emotions about single roofing," says one retail construction exec located near the Great Lakes. "Right now a four-ply BUR with a 10 year warranty is cheaper. So, why should I go to single-ply?

"I tried single-ply on buildings in Atlanta and Denver," reports the same exec, "but I'm not satisfied it's the thing to use as far north as up here. I don't know the weatherability or the cost differential. . . . With the severe weather changes up here, I think a built up roof may be better because there are four plies to move, not just one.

"And besides," he continues, "my roofs are so bad at times that I need a complete tear off anyway. So, if I'm going to tear it off, I may as well put on another built up roof."

Schwer adamantly disagrees. Although he acknowledges there's more thermal shock up North, he says, "A single-ply roof just lays there and if the building moves it doesn't bother the roof. If a building moves with a BUR, more stress is put on the roof and causes it to split. A single-ply roof is just a rubber roof laying there tied to your outer walls so the roof underneath can do anything it wants to. A BUR dries out and any movement or settlement of the building will

Lifespan of roofs

	Total	Discount	Drug	Supermarket	Department	Home Center
(Bases)	(150)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%
9 years or less	5	3	7	3	3	7
10 years	20	17	17	30	17	20
11-14 years	5	10	3	7	—	3
15 years	28	23	37	23	33	23
16-19 years	3	7	7	—	3	—
20 years	31	27	30	33	33	33
More than 20 years	5	10	—	3	3	7
Handled by mall or outside supplier	1	—	—	—	3	—
Don't know/ no answer	3	3	—	—	3	7
(MEAN)	(15.8)	(17.0)	(15.3)	(15.0)	(16.0)	(15.6)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive* research

cause it to split wide open."

This same Northern contractor, however, concedes he would be willing to try a single-ply roof, but it would have to be on a small area. "If you have roof problems in a retail store, you're losing merchandise. When you go in to fix it you're creating a distraction and all the merchants and salesmen yell and scream bloody murder that they're losing sales.

"So," he concludes, "it's more critical in the retail business to choose the right roof. Consequently, people in retail are more conservative about their roofing decisions."

While this final statement might be true, this conservatism has not deterred most retailers from trying this roofing system. The conservatism extends as far as sticking to one type of single-ply roof—EPDM, for example—and/or hiring a roofing consultant to oversee the installation.

"We limit the contractors to people who have substantial experience and are authorized by the manufacturer," says another retail construction executive located in the Southeast. "And we call every manufacturer about the warranty. We also request that the manufacturer send a representative to make sure the contractor is laying down the roof correctly. A roof can't go on without careful coordination."

While Schwer notes that there are more qualified contractors around the country now than when he first started using the single-ply, he still likes his people to keep close watch on all installations. He has sent two of his field people to be trained in application techniques; they oversee any new roofing installation. "Then we specify we have to be present when the single-ply rep comes to make the final inspection before the warranty is issued. The biggest problem, like with anything, is that if you just let people do their own thing without inspection or review on your own, they're liable to do just anything to get the job done." ■

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This GTE telephone store features easily-readable graphics silkscreened onto the walls to indicate available services.

Familiar signatures announce brand name merchandise

Several years ago, when chains undertook a commitment to upscale through remodeling, store planners were given a prime directive: highlight the merchandise. An outgrowth of that directive was a much more limited use of signage, so as not to divert the customer's attention away from the goods for sale.

At the same time, today's consumer became more name brand oriented. A name emblazoned on the back pocket of a pair of jeans became a status symbol. An alligator on a shirtfront was thought to distinguish one class of people from the rest.

"Customers are very aware of product identification. Consequently, it's a challenge to identify the products through signage without having too much signing," says L. Richard Roussel, senior vp-store planning and design for D. H. Holmes, New Orleans.

Cost per square foot for interior signage

	Total	Discount	Drug	Supermarket	Department	Home Center	Apparel Specialty
(Bases)	(180)*	(30)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%	%
Less than $0.10	30	30	27	23	30	33	37
$0.10-$0.14	8	13	13	10	7	3	3
$0.15-$0.25	15	17	13	13	17	13	17
$0.26-$0.50	16	17	20	23	17	10	7
$0.51-$0.75	8	7	10	10	10	7	3
$0.76-$1.00	6	3	10	7	3	10	—
$1.01-$2.00	1	—	—	3	—	3	—
$2.00+	3	—	3	3	—	—	13
Don't have interior signage	5	—	3	—	7	7	13
Individual store handles	1	—	—	3	—	—	—
Don't know/ no answer	7	10	—	3	7	13	7
Refused	1	3	—	—	3	—	—
(MEAN)	($0.36)	($0.23)	($0.36)	($0.42)	($0.25)	($0.33)	($0.54)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive* research

This brand awareness has made it just as important to highlight the brand names carried in a department as it is to identify the department.

It is no longer enough to just point out designer names anymore either, says another store planner. "It used to be that everyone wanted Calvin Klein on the back of her jeans. Now, it's just as chic to have Levi or Lee. So it's a brand as much as it is a designer," he says. "Competition being what it is has forced us to tout name brands we carry."

So, today's store planner's challenge is twofold: identify departments and brands, but don't overwhelm the merchandise. As a result, methods of identification have changed.

"The days of hanging the old shingle down over a department saying 'This is the dress department' are gone," says one store planner. "Hanging signs are *passé*."

The boutique format adopted by so many remodeled department stores has made hanging signs impractical and out of place. They can't be read from most areas of the store and they tend to draw the customer's eye up, away from the merchandise—a major no-no in store planning.

Instead, say department store planners, permanent interior department signage is best executed with stick-on styrofoam letters applied to department walls at eye level. Hang-

Lifespan of interior signage

	Total	Discount	Drug	Supermarket	Department	Home Center	Apparel Specialty
(Bases)	(180)*	(30)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%	%
2 years or less	17	23	—	—	20	17	43
3-4 years	8	3	3	10	17	13	—
5 years	17	20	10	23	27	17	3
6-9 years	17	13	27	27	13	17	7
10 years	22	20	47	27	3	17	17
11-14 years	2	3	3	3	—	—	3
15 years	4	3	—	7	3	10	—
Lifetime/permanent	4	7	3	3	3	—	7
Was never replaced	1	—	3	—	—	—	3
Don't know/ no answer	3	7	—	—	7	3	3
Don't have interior signage	5	—	3	—	7	7	13
(MEAN)	(6.4)	(6.0)	(8.4)	(7.8)	(4.6)	(6.6)	(4.1)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive* research

ing signs are best left to the discounters who still work with large, open spaces and are less concerned with ambience.

"If you start to hang too much stuff around, the merchandise starts to get lost in all the signs," says William Gee, store planner for W. S. Peebles & Co, Lawrenceville, Va.

"We're even getting away from using general department name signs whether they're hanging or on the walls. We're letting the merchandise tell the customer visually what we have," he continues. "We put jeans or towels or whatever high up on the walls and let the merchandise speak for itself."

"Everybody is trying to let the merchandise do the work for you. Instead of seeing fancy signs or fancy store fixtures, we're now concerned about showing our fancy merchandise," he says.

In some cases, Peebles just relies on brand names to identify a department. "A lot of chains are upgrading their merchandise selection and are fine tuning their signing to reflect that," Gee notes.

"If the customers know you have certain brand names they can relate to, they're smart enough to know it's a certain type of merchandise," he continues. "You don't have to tell them it's a sporting goods department if the signs on the wall say Wilson and Spalding. The customer is more sophisticated."

All store planners contacted indicate that, while they are spending more on their signage packages, because there are fewer signs the overall cost has remained about the same. "There seems to be a greater interest in quality signage now than there was a few years ago," says one department store planner. "People seem to be more willing to spend a little more to put up a quality sign they're proud of."

For example, "People may go into a cast brass letter to identify Polo, whereas a few years ago they might not have been as concerned. It goes hand in hand with identifying brand names. And as the attention has increased to identifying a brand, so has the attention paid to the lettering."

For the most part, department store graphics are limited to these wall signs. While some creativity may be exercised in juniors or young men's, particularly with neon, the majority of stores today are taking a conservative, none too costly, approach.

Where there's money to be spent, however, outside design firms like the New York-based Tucci, Segrete & Rosen Consultants and Walker Group/CNI are doing some experimentation. At Tucci, Segrete & Rosen, retail graphics are looked at as having three purposes: to introduce the customer to a store concept, to direct the customer to each department and to educate the customer about the merchandise.

"There's more going on than stick-on styrofoam letters," says Dominick Segrete. In some applications, the firm recommends programmable electronic signage because it can be changed easily and can be read from a distance. Photography and murals show products in actual use, as well as identify a department.

Walker Group is using fiber optic signs, electronic signs, billboards, photo murals and telespots. Fiber optic signs, where light is transmitted through glass wires to create constantly moving, colored displays, add excitement to a juniors department, Walker says. Electronic signs with LED displays give a high-tech look to electronic departments.

"It doesn't cost nearly as much to do a cohesive graphics program as it does to do a cohesive architectural program," he points out. And particularly in remodeling programs where certain existing architectural features must be accommodated, a new ambience can be created without costly, major construction changes. ■

Active
Gals
Gals

The Gap uses a metal matrix to house merchandise signage and lifestyle and fashion graphics.

Some store planners claim there hasn't been a truly significant product development in the carpet area for quite a while.

Mixture of materials reflects chains' underlying priorities

The mix of flooring materials that retailers are putting into their stores reflects such current priorities as ease of maintenance, safety and upgrading store image.

Sears, Roebuck, for instance, has been using carpet tile in the apparel and home fashion areas of new and remodeled stores. "It seems to be a lot easier for installing and for maintenance," says George Favorite, a designer at the nation's largest retailer.

Favorite is not alone in praising carpet tile. Many store planners cite its benefits, which include the ability to replace one or a few badly stained tiles, to rotate tiles in order to even out the wear of a carpeted area, and to use different color tiles to create accent borders and other design effects. Carpet tiles, which are usually sold as 18-in. x 18-in. squares, come in numerous patterns and constructions (*Chain Store Age Executive*, April 1985).

Once directed almost exclusively at the office market, carpet tiles are found in department, discount, specialty and drug stores today. For instance, Rite Aid, Harrisburg, Pa., uses carpet tile in its Circus World toy stores and in some of its 1,300 drug stores.

Generally speaking, though, some store planners feel that there haven't been any significant product developments in the carpet area for some time.

"We're always looking for better fiber," says Lynn Reynolds, vp-property development at Zale. "We're always waiting for something." He adds that "there are always trends in colors" but nothing dramatically new has happened to the product itself. The Irving, Tex.-based jewelry chain uses carpet in all of its stores.

While carpet is the preferred flooring material for many specialty stores and key areas within department stores, there seems to be more interest in hard surfaces.

"In the upgraded, high-dollar stores I see the use of a lot of wood parquet," says Douglas R. Bryant, staff architect at Bentonville, Ark.-based Wal-Mart Stores.

J. C. Penney is one chain that has forsaken vinyl composition tile and is investing in fancier materials, like acrylic-impregnated wood parquet and unglazed ceramic granite tile. Both the wood and ceramic products offer a rich look and are relatively easy to maintain, which compensates somewhat for the premium they cost over vinyl tile, Penney says.

In its larger stores, Wal-Mart continues to use vinyl tile in combination with some carpet in certain departments, according to Bryant; the company's smaller stores feature mostly vinyl tile. But, in order to prevent accidents, Wal-Mart has been testing a

Types of flooring used

	Total	Discount	Drug	Supermarket	Department	Home Center	Apparel Specialty
(Bases)	(180)*	(30)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%	%
Carpet	47	33	33	10	97	13	97
Vinyl	44	60	53	43	33	47	27
VAT	31	30	23	57	33	17	23
Concrete	18	10	3	23	17	50	7
Quarry tile	17	—	7	23	43	7	23
Hardwood	13	—	—	—	63	3	13
Terrazzo	12	10	10	13	23	3	13
Marble	2	—	—	—	13	—	—
Other mentions	5	3	3	7	13	3	—

*Adds to more than 100% due to multiple responses

Source: *Chain Store Age Executive research*

CATALOG SALES

While many department stores have all but forsaken vinyl composition tile, it's still prevalent in discount stores—often complemented by carpet.

couple of highly slip-resistant surfaces to replace the vinyl tile in the stores' vestibules. The first is a sheet vinyl flooring with raised mineral aggregate discs; the second is a rubber-studded tile product.

Each has advantages and disadvantages when compared with the other, Bryant says. The vinyl flooring is less expensive, more slip-resistant and more comfortable to walk on than the rubber tile, he explains, but it's more prone to collect dirt and less durable.

"One works better, but it works for a shorter period of time," Bryant says. He adds that the company will soon decide which product to install in future stores and remodels.

At Hecht's department stores there is a definite emphasis on hard-surface flooring of high quality. Washington, D.C.-based Hecht's is a subsidiary of May Department Stores, St. Louis.

Hecht's has been known to use such materials as 12-in. x 12-in. glazed ceramic tiles, cherry stained teak, oak and marble, in addition to carpet, in its stores. Some of the stores use carpet tile. In the chain's less prominent units it may also use vinyl tile.

The flooring chosen depends "on the commodities that surround it," says Lester Melnicove, Hecht's vp-store planning.

For instance, the ceramic tile is found primarily in the housewares and women's ready-to-wear departments. "We are using wood in the men's division . . . and we're using marble—and carpet of course," Melnicove says. "Obviously, we don't use carpet in the traffic aisle locations," he notes.

Does Melnicove see any new design trends with regard to flooring?

"The direction I've seen is more and more toward marble," he says, "because it has a quality that is upgraded and it connotes better merchandise." He says he likes Italian marble especially because "the Italians have ways of cutting it" that produce dramatic veining and other attractive patterns.

However, interior designer Richard Himmel says marble may be *passé*. "I don't think it's so fashionable anymore," he says. Himmel, who has offices in Chicago and Palm Beach, Fla., handles store design for The Limited.

He does agree, however, that hard surfaces are trendy: "a lot of tile—ceramic tile—from what I can see, is hot," he points out.

At Columbus, Ohio-based Limited—a company, Himmel says, that "understands that the function of store design is selling merchandise," and where "their whole forward look applies to store design"—the use of materials is eclectic and innovative.

"We use carpeting—wood, tile, marble, vinyl. We use everything we can lay our hands on," he says. "There are always different applications."

And Himmel is not overly concerned with what's hot and what's not in flooring products. "I don't pay much attention to design trends," he says. "I try to lead the market." ■

Lifespan of flooring

	Total	Discount	Drug	Supermarket	Department	Home Center	Apparel Specialty
(Bases)	(180)*	(30)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%	%
4 years or less	2	3	—	—	3	—	7
5 years	12	3	10	10	13	3	30
6-9 years	23	20	13	27	40	13	27
10 years	33	40	43	30	37	23	27
11-14 years	6	3	10	3	—	13	3
15 years or more	9	17	7	20	7	7	—
20 years	8	3	10	10	—	27	—
More than 20 years	2	—	3	—	—	7	—
Lifetime/permanent	3	10	3	—	—	3	3
Was never replaced	1	—	—	—	—	—	3
Don't know/ no answer	1	—	—	—	—	3	—
(MEAN)	(13.6)	(17.4)	(13.5)	(10.9)	(8.4)	(18.9)	(12.4)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive* research

Lifespans for display fixtures average 9.3 years for department stores and apparel chains and 9.7 years for discount chains.

Successful merchandising hangs on choice of fixtures

More and more retail chains are relying on fixtures to increase productivity by utilizing wall space and to give their stores a unique look that sets them apart from the competition.

As a result, many of the larger chains are working with fixture manufacturers to design their own merchandise displays either in-house or through outside design firms, rather than merely buying manufacturer-designed units.

At the same time, store planners and fixture designators who have been traveling to various fixture display shows indicate that a number of new finishes are coming on the market, especially in the apparel and general merchandise areas.

Powdered coatings, such as polyvinylchlorides, are being baked on metal frames to make the fixtures scratch-resistant. Nylon finishes, made in France, also have appeared on the scene. Such coatings enable the stores to have a variety of colors in their display fixtures, which pleases some—but not all—merchandise executives.

Resistance to use of color in displays comes from chains which use more glass, Plexiglas and plastic products because they show the product more and the fixtures less.

One statement that crops up in conversations with some visual display executives is that there has been nothing new in fixture design in the U.S. for a long time, and that they are looking to Europe for new ideas.

What is pushing retail chains toward new fixture concepts is the squeeze on selling area. "With a 100,000-sq.-ft. store, you can put in only so much merchandise, so to increase your productivity you capture air space," says one executive. In other words, stores must merchandise up to get maximum productivity.

One national apparel chain has chrome fixtures climbing one wall in one area to a height of about 12 ft. The display shows a cross merchandising of skirts, blouses and hats.

Grid wiring also has become quite prevalent as fashion fixtures in both department and apparel stores.

Conversations with purchasing agents for the chains indicate that one of the most important qualities of an equipment manufacturer is his reliability. They expect the manufacturers to fulfill their delivery promises. Last year at this time, long backlogs of orders and subsequent delays in delivery had the chains screaming at the producers because the chains were about to miss store opening or reopening deadlines. Reportedly, although the situation has improved, a few such problems still exist.

Even though price is of major importance to the chains, delivery ranks even higher in the list of priorities.

To hedge their bets, many chains that deal primarily with one or two fixture manufacturers always allocate a small percentage of business to a second or third producer just to keep the channels open. Thus, one regional New York-based drug chain gets 90% of all its fixtures from one producer. The chain is happy with the quality and the cost the producer offers. But as a precautionary measure, it gives the other 10% to another manufacturer in case anything happens to the first maker.

Product and not the fixture has figured prominently in the display of electric housewares in the 200,000-

Lifespan of fixtures

	Total	Discount	Drug	Supermarket	Department	Home Center	Apparel Specialty
(Bases)	(180)*	(30)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%	%
4 years or less	3	3	—	—	3	3	10
5 years	10	13	—	7	17	10	13
6-9 years	18	30	10	20	27	3	17
10 years	30	23	30	43	27	20	37
11-14 years	8	7	10	13	10	7	—
15 years	14	7	23	17	3	23	10
16-19 years	2	3	3	—	—	3	—
20 years	7	7	10	—	7	13	7
More than 20 years	1	—	—	—	—	7	—
Lifetime/permanent	4	3	13	—	3	3	3
Was never replaced	1	—	—	—	—	3	3
Don't know/ no answer	2	3	—	—	3	3	—
(MEAN)	(10.8)	(9.7)	(12.7)	(10.3)	(9.3)	(14.0)	(9.3)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive* research

sq.-ft. Bigg's Hypermarket which opened last October in Cincinnati.

All electric housewares are displayed in small eye-level glass-lined compartments with fluorescent lighting and mirrored backing. Prices and product identification are prominently placed for consumers to see.

An executive explains that while the display prevents the customers from touching the merchandise, it also gives that particular department a neater look than comparable housewares departments in competing stores.

Consumers can pick up the boxed product from below the displayed item.

The executive notes that packaging in small appliances has improved enough that a consumer can get all the information she needs from the box. She doesn't need to touch the product.

"We try to put our emphasis on product presentation," he says. "The enclosed case and the backlighting are efforts to improve presentation."

If change comes slowly to store fixturing, it probably is because the average lifespan of display units across all segments of retailing is 10.8 years, according to a *Chain Store Age Executive* survey.

Retailers whose fixturing is more functional than merchandise enhancing enjoy longer use of the displays. These include home centers (14 years), drug chains (12.7 years) and supermarkets (10.3 years).

Display fixtures in other classes of retailing have shorter lifespans. These include department stores (9.3 years), apparel chains (9.3 years) and discount chains (9.7 years). ■

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Stringent state energy codes challenge building engineers

Individual state conservation codes for heating, air conditioning and ventilation (HVAC) systems have become more stringent over recent years as engineers attempt to design more energy efficient buildings.

Most states have two types of codes, according to Igor Tartakousky, vp, Charles & Braun consulting engineers. One type is a mechanical or building code which pays attention to life safety, in case of a fire, for example. The second type mandates how much energy a store can use.

Such state energy codes came about as a result of Standard 90-75, produced by the American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE). In 1975 this nonprofit group devised a set of guidelines for engineers on how to design an energy efficient building. The original set of guidelines was revised in 1980 in order to keep up with technological changes.

One example is California's new Energy Efficient Standards, limiting the amount of lighting a store owner can use. "They give a designer different options but whatever he chooses he can't use more energy than the state allows," Tartakousky says. However, state allowances for stores are more liberal than those for other buildings.

Another example of state codes is the Ohio Model Energy Code which forces engineers and owners to design to minimum energy conservation standards. Thomas Larsen, engineer for Ohio-based Larsen Engineering, says, "Any one building has to meet the requirements and you can consume only so much energy. You have to budget." For example, "If you want to use energy in lighting then you have to skimp in other areas," he says.

While the engineers design the HVAC units, the architects work closely with them, according to Sandy Miller, president of Miller/Zell architects. "Most design firms follow recommendations from engineers. It is fundamental when doing heating and air-conditioning."

Lloyd Slomanson, managing partner for Slomanson, Smith and Barresi architects, says, "the architects are the conductors of the orchestra." Because "the owners want as much space as possible for sales and stock, we coordinate with the owners and interior architects," he says.

F. W. William, vp-planning for The Studio, a Minneapolis architect firm, says when he designs a retail space, the developer usually makes up a tenant package consisting of leasehold improvements. Included in this package are specifications by the tenant's architect and engineer.

"The architect is overall responsible to the tenant and puts together a team of engineers who design the HVAC units," he explains.

Tartakousky says his engineers work closely with the architects. "The architect has to confirm with us the type of envelope to design and how much insulation to use. As engineers we do an energy analysis of the building and tell the architects they have certain things to comply with. After we get a final design from the architects we size the HVAC units."

One concern of store owners may be the necessary reconstruction of older HVAC units. A grandfather clause in many codes allows those developed before the energy codes to remain intact. If, however, a building is undergoing major renovations then the system must be updated.

Dallas Voigtlander, an electrical engineer for B.W.F. Consulting Engineers, says that while this may be costly, store owners can expect about a two to three year payback. ■

Lifespan of HVAC

	Total	Discount	Drug	Supermarket	Department	Home Center
(Bases)	(150)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%
5 years	3	—	7	—	3	3
6-9 years	7	13	7	3	—	10
10 years	23	17	30	20	20	27
11-14 years	5	7	3	10	—	3
15 years	29	37	40	33	13	23
16-19 years	3	3	7	3	3	—
20 years	17	23	7	27	20	10
More than 20 years	6	—	—	—	20	10
Lifetime/permanent	3	—	—	3	7	3
Was never replaced	1	—	—	—	—	3
Don't know/ no answer	3	—	—	—	10	7
Handled by outside supplier or mall	1	—	—	—	3	—
(MEAN)	(14.9)	(14.2)	(12.7)	(14.9)	(18.0)	(15.2)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive* research

Cost per square foot for HVAC

	Total	Discount	Drug	Supermarket	Department	Home Center
(Bases)	(150)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%
Less than $0.10	5	—	—	—	7	17
$0.10-$0.14	6	7	10	3	3	7
$0.15-$0.25	10	23	7	—	13	7
$0.26-$0.50	6	7	3	10	3	7
$0.51-$0.75	3	3	—	7	—	3
$0.76-$1.00	11	13	17	7	7	10
$1.01-$2.00	15	17	7	20	17	13
$2.00+	34	17	53	47	37	17
Contract out to outside service/ handled by mail	1	—	—	—	3	—
Don't know/ no answer	9	10	3	—	10	20
Refused	2	3	—	—	7	—
(MEAN)	($1.39)	($1.02)	($1.67)	($1.61)	($1.59)	($0.98)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive* research

New materials and designs create options for planners

Some designers are eliminating ceilings altogether, exposing pipes and ductwork.

Store planners are starting to look up.

With the advent of new ceiling materials being introduced by manufacturers, store planners are placing more importance on ceilings as a design element to create excitement and add ambience.

The 2x4 lay-in tile systems of old are being replaced with 2x2 systems, decorative tiles with textures and colors, sheet rock, aluminum, murals and luminous panels.

On the other hand, some stores are doing away with ceilings altogether, leaving exposed pipes and ductwork hanging over customers' heads.

Retailers are using ceiling systems in one of three ways, says Gary D. Kaiser, vp at Retail Planning Associates, Columbus, Ohio. The overhead plane can function as a mechanical system to reflect ambient light; it can be a design element by incorporating some sort of decorative motif, or, it can be downplayed so it's not noticeable to the customer at all.

"The design industry is seeing a tremendous opportunity in the ceiling plane to give ambience to a place. With that in mind, a lot of companies are moving to fill the need by high design," Kaiser says.

While most retailers admit to spending more these days on their ceiling systems, they point out that it's in specific areas of the store, typically in cosmetics, accessories, jewelry and over aisles. The extra investment is worth it for two reasons, they say. A decorative ceiling system can either define a walkway, enticing customers, or, it can be used to highlight a particular department.

Commonly, today's higher expenditure is going to 2x2 lay-in tiles for most of a store and sheet rock is being used in specific areas. "Sheet rock has a cleaner look," says L. Richard Roussel, senior vp-store planning and design for D. H. Holmes, New Orleans.

Cost per square foot for ceilings	
2x4 ft. lay in panels	$1.56
Acoustical	1.63
2x2 ft. lay in panels	1.67
Tegular 2x2 ft. lay in panels	2.13
Tegular 2x4 ft. lay in panels	2.22
12x12 concealed spline	2.28
Plaster	3.50

Source: *Chain Store Age Executive research*

Lifespan of ceilings

	Total	Discount	Drug	Supermarket	Department	Home Center	Apparel Specialty
(Bases)	(180)*	(30)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%	%
Less than 10 years	13	10	7	30	3	13	13
10 years	28	33	40	23	23	20	30
11-14 years	5	7	10	7	3	—	3
15 years	16	20	13	27	13	13	7
16-19 years	3	—	—	—	13	—	3
20 years	12	7	13	7	20	17	7
More than 20 years	3	7	3	—	3	3	—
Lifetime/permanent	13	13	13	3	20	7	23
Was never replaced	2	—	—	—	—	3	7
Don't know/ no answer	2	—	—	3	—	7	3
Handled by mail or outside supplier	1	—	—	—	—	—	3
Don't have ceilings	3	3	—	—	—	17	—
(MEAN)	(31.1)	(13.8)	(13.0)	(11.3)	(15.4)	(13.8)	(11.2)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive research*

"The cost is more because of the labor. The materials cost is about the same as lay-in tiles," he continues. "We use a combination of sheet rock and 2x2 tiles. Sheet rock delineates aisles and creates directional patterns."

The use of sheet rock projects a more updated, upscale image, says one retailer.

"The conventional flat 2x4 acoustical ceiling is something we'd like to leave in the 70's," he explains. "We want to define the walkways to the various departments and for that reason we're calling attention to the ceiling over the aisles but not the general ceiling throughout the store."

Like everything, though, sheet rock has its drawbacks, store planners say. Because it is one continuous plane, it lacks flexibility; lighting cannot be added or removed with the ease afforded by lay-in tiles. It presents the same problems as working with such a ceiling at home.

Store planners contacted by *Chain Store Age Executive* also point out a great deal of new ceiling materials being used in limited areas of the store. "There are a lot of new materials for ceiling uses being introduced; most of them are being developed for special applications such as restaurants and offices," observes Roger Harris, director of store planning for Mervyn's, Hayward, Calif.

"Designers are incorporating pieces of them in stores almost more for experimentation than for any visual effect," he says. "You're starting to see this particularly in higher end fashion department stores."

Several of these new experimental systems are rapidly gaining in popularity. Lighting the perimeter of a store's ceiling is being tried in many ready-to-wear departments. Open grid systems suspended from an existing ceiling are being used to create the illusion of a lower ceiling in order to give a feeling of intimacy. Neon strips in the ceiling are starting to be used in the juniors' and young men's departments. ■

Computers take over the fight in energy conservation

Energy management is no longer just an energy saving concern. It now includes a total power management program using computers and electronically-controlled equipment.

An area where this is already happening is supermarket refrigeration. Through a computerized system, "a person can read the temperature of a refrigerator while sitting in an office and can tell if a freezer door is open," says Robert Lyness, a supermarket consultant.

National SemiConductor has recently introduced the 1190 facilities management system. This system is used for applications such as refrigeration, lighting and air-conditioning.

Along the same lines as the 1190 is Detection Systems' Direct Digital Control (DDC). Jim Nelson, regional sales manager, says this system controls things like HVAC directly with electricity.

With this system too, Nelson says the concentration is not solely on energy management. Instead it is geared toward facility management control, monitoring the entire environment.

Detection Systems' DS8000 and DS8003 are both programmable controller-, not menu-, driven. Nelson says, "This is advantageous to the store owner because, unlike the menu-driven systems, the programmable can be custom tailored to the job. It has more flexibility."

One chain which is already in the process of computerizing some of its energy management systems is Sears, Roebuck. Raymond Tessmer, manager of maintenance and energy for Sears, says such functions as lighting and air-conditioning will be controlled by a computer. With this new program, each store will be able "to control energy and create a better environment for the customer" by regulating the temperature and alleviating hot and cold spots, Tessmer says.

P&C Supermarkets will soon find out how effective a computer can be when it installs the DS8000 in its warehouse. Cliff Mason, energy manager for the supermarket, says the system will provide time scheduling for lighting, will sense temperature and humidity and will control temperature inputs from the freezer.

In the past, P&C relied on manual decisions. With the DS8000, the company will be able to make intelligent decisions based on both indoor and outdoor conditions. The warehouse will be P&C's test site. If it works out well, P&C may install the system in its individual stores.

Aside from energy management systems, retailers also trying to involve employees in cutting energy-costs. For example, Piggly Wiggly Southern has a program in which employees receive a bonus if they stay under a set point of kilowatt demand. For the past two summers, the stores have been successful in bringing down this demand. ■

Cost per square foot for energy management hardware and software

	Total	Discount	Drug	Supermarket	Department	Home Center	Apparel Specialty
(Bases)	(180)*	(30)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%	%
Less than $0.10	9	27	10	7	—	3	10
$0.10-$0.14	9	7	27	—	13	7	—
$0.15-$0.25	12	20	7	10	10	10	13
$0.26-$0.50	15	20	13	17	23	13	3
$0.51-$0.75	10	7	3	27	17	3	3
$0.76-$1.00	3	—	3	17	—	—	—
$1.01-$2.00	6	7	3	7	13	7	—
$2.00 +	4	—	10	—	—	3	10
Don't have energy management equipment	22	3	20	13	13	30	50
Contract out to outside service/ handled by mall	1	—	—	—	3	—	3
Don't know/ no answer	7	7	3	—	—	23	7
Refused	2	3	—	3	7	—	—
(MEAN)	($0.55)	($0.32)	($0.59)	($0.60)	($0.56)	($0.61)	($0.79)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive* research

Lifespan of energy managment hardware and software

	Total	Discount	Drug	Supermarket	Department	Home Center	Apparel Specialty
(Bases)	(180)*	(30)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%	%
4 years or less	5	3	10	13	3	—	—
5 years	11	13	7	7	13	10	13
6-9 years	9	17	3	17	7	3	7
10 years	21	23	30	27	13	23	7
11-14 years	2	—	7	—	—	3	—
15 years	8	10	7	10	10	—	10
More than 15 years	3	7	—	—	3	7	—
Lifetime/permanent	5	10	—	7	7	3	3
Was never replaced	4	7	3	—	3	7	3
Just recently installed	6	3	10	7	17	—	—
Don't know/ no answer	4	3	3	—	7	10	3
Don't have energy management hardware/software	22	3	20	13	13	33	50
Handled by outside supplier or mall	1	—	—	—	3	—	3
(MEAN)	(9.2)	(9.7)	(9.0)	(8.1)	(9.6)	(10.3)	(9.2)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive* research

Recycling paper holds key to offsetting hauling costs

Taking out the trash is a dirty job, but somebody's got to do it. Fortunately, there's money to be made in it if it's done properly.

There are different methods for handling solid waste management and a retailer's decision for waste disposal is usually based on the size of the chain and the amount of waste generated.

Expenses for dealing with waste arise from equipment costs, hauling charges and dump fees. The money to be made comes from recycling paper.

Typically, chains that generate a heavy amount of paper waste will install a baler and a compacter at each location. The baler will be used for corrugated while the compacter will handle other trash.

There are compacters that handle both corrugated and other waste but unless a store has enough space and enough volume of trash, retailers say, it's not worth the investment. Also, they point out, paper mills prefer to receive paper in bales.

At this writing, most chains contacted indicate that although they are recycling their paper, they aren't making enough money to offset the cost of trash disposal because the price of paper on the open market is down. That, however, could easily change, they acknowledge.

Cost per square foot for solid waste management

	Total	Discount	Supermarket	Home Center
(Bases)	(90)*	(30)*	(30)*	(30)*
	%	%	%	%
Less than $0.10	21	27	10	27
$0.10-$0.14	12	27	7	3
$0.15-$0.25	16	20	20	7
$0.26-$0.50	14	7	30	7
$0.51-$0.75	6	7	10	—
$0.76-$1.00	1	—	3	—
$1.01-$2.00	—	—	—	—
$2.00 +	1	—	—	3
Don't have solid waste management equipment	13	—	7	33
Contract out to outside service/handled by mall	3	3	3	3
Don't know/no answer	11	7	10	17
Refused	1	3	—	—
(MEAN)	($0.26)	($0.18)	($0.32)	($0.30)

*Does not equal 100% due to rounding

Source: *Chain Store Age Executive* research

Lifespan for solid waste management

	Total	Discount	Supermarket	Home Center
(Bases)	(90)*	(30)*	(30)*	(30)*
	%	%	%	%
5 years	8	7	17	—
6-9 years	6	10	3	3
10 years	21	33	23	7
11-14 years	2	—	7	—
15 years	21	20	30	13
16-19 years	1	3	—	—
20 years	6	7	3	7
Lifetime/permanent	3	7	3	—
Was never replaced	1	—	—	3
Don't know/no answer	9	7	3	17
Don't have solid waste management systems	13	—	7	33
Handled by mall or outside supplier	8	7	3	13
(MEAN)	(11.9)	(11.8)	(11.2)	(14.1)

*Does not equal 100% due to rounding

Source: *Chain Store Age Executive* research

"There's a lot of potential there [to make money] when the paper market is good," says Robert Duggan, purchasing agent for Walgreens. "There's the possibility of making enough to take care of our costs and even coming out ahead a little bit."

But, he adds, it has to be a closely managed operation and it takes a lot of time and manpower. "You almost have to have your own delivery trucks backhaul [the corrugated to a central location]. If you wanted to set up a program you could have the same truck that delivers merchandise also pick up waste and take it to a larger baling machine. That way you could make much more money on it. The bigger the bales you have it in, the more money you'll get for it."

Walgreens has balers in about 1,000 of its 1,200 locations. The bales are stored inside if there's room, or brought outside. Like other retailers, Duggan reports that there have been some instances of people stealing bales kept outside, particularly when the price of paper is high.

Another problem presented by balers, often cited by proponents of compacters, is the ease with which employees can steal merchandise when bringing bales outside.

In Walgreens large metropolitan store, for instance, compacters are used instead of balers because of security and convenience, according to Duggan. A hauler removes the whole load at these locations, sifts out the paper and pays Walgreens on a per ton basis.

While Duggan is one of the retailers not quite recouping his trash hauling costs right now, he does point out that the balers at the very least pay for themselves. "Corrugated is so bulky and takes up so much room, that by baling you're reducing your hauling charges significantly."

Other large chains generating a lot of paper waste have done as Duggan suggested and set up a program to backhaul paper to a central location. Giant Eagle Super Markets has installed a baler and compacter at each store and when a delivery is made from the warehouse, the bales are loaded back onto the trucks. The warehouse, in turn, loads the bales collected from all stores into a box car and ships them off to a mill.

Some other larger chains may even hold corrugated collected from the stores and sell it for a profit. ■

Retailers maintain the search for the perfect clean sweep

Retailers are continually re-evaluating their floor maintenance programs, as they search for cost-effective ways to improve floor appearance, longevity and safety.

"Our trend is that we're going to total in-house maintenance," says David W. Burghart, division manager of store planning at Wal-Mart Stores, Bentonville, Ark. "We don't want any outside services to maintain our stores."

Although the company wants all of its stores to handle floor maintenance internally, some don't yet have the necessary equipment. "Right now, probably 80% of our stores have in-house maintenance," Burghart says. "We're taking it one store at a time."

Why does Wal-Mart prefer this approach to using outside floor maintenance services? For one thing, it eliminates the security problem and inconvenience of letting outsiders into the stores when they're closed. For another, in-house floor maintenance generally costs less. "In a comparison of stores, the cost of using outside maintenance is running considerably higher, in some cases double," Burghart says.

"Plus we feel we have better control when we do it on our own, as far as keeping our floors maintained goes," he points out. "The appearance level with our in-house maintenance is better than with outside services."

Wal-Mart's housecleaning program calls for routine floor maintenance every day, with an emphasis on the front-end of the store and other heavy traffic areas. "We try to keep those areas looking good all the time," Burghart says. "We try to apply new finish whenever necessary.

"We dry sweep the entire sales floor with the use of a clean dust mop," he continues. "While we are sweeping we remove all the gum spots, price stickers or any other items that might adhere to the [vinyl] tile. Then we damp mop with clean cold water around the checkouts, service desk and heaviest traffic areas. And then we damp mop one-fifth of the store so that we can spray buff [it and] those heavy traffic portions of the stores the morning after."

Although some Wal-Mart stores are testing high speed (*i.e.*, 2,000-plus rpm) burnishers, which give floors the popular "wet look" finish, Burghart says they may not be appropriate for the company. Unless floors are exceptionally well maintained, he says, high speed buffing can actually make them look worse.

Many chains handle their own maintenance to have more control over store appearance.

Nonetheless, the popularity of the "wet look" grows in many quarters.

"The trend that we are following is the high speed burnishing program," says the sanitation coordinator for a national supermarket chain. "About 33% of our stores are doing it."

Once the floor is swept, it's scrubbed with one machine and burnished with a 2,000rpm device. "We are in the process of testing a machine that does both," he says. And despite the view that high speed buffing can make floors treacherously slippery, he says "we've not had that problem whatsoever."

The maintenance is done six or seven times a week, with refinishing done as needed. "As we do our floors," he says, "let's say the floor does not have the shine you want; then you decide to recoat certain areas."

The company has also worked with Johnson Wax, which offers a computer-based analysis program to devise more efficient floor maintenance systems. "Actually," the sanitation coordinator says, "we fed the input to them and based on their program they were able to determine our labor costs and what using their product would cost."

As a result, the supermarket chain is testing Complete, a Johnson Wax finish for resilient floors. "The results so far have been basically favorable," he says, noting that his firm will shortly make a decision on whether to expand the use of the product. "We're happy with the gloss it's giving us. But the verdict is still out on wearability."

Another retailer that, like Wal-Mart, has opted for in-house floor maintenance is Rite Aid, Shiremanstown, Pa.

According to Stewart M. Becker, vp and field controller for Rite Aid

Cost per square foot for flooring maintenance

	Total	Discount	Drug	Supermarket	Department	Home Center
(Bases)	(150)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%
Less than $0.10	31	21	37	27	23	43
$0.10-$0.14	13	17	17	23	7	3
$0.15-$0.25	19	13	30	23	23	3
$0.26-$0.50	5	20	—	—	3	3
$0.51-$0.75	1	3	—	3	—	—
$0.76-$1.00	1	—	—	—	3	3
$1.01-$2.00	1	—	—	—	3	—
$2.00 +	1	—	3	—	—	3
Don't have floor maintenance equipment	3	—	3	—	3	7
Contract out to outside service/ handled by mall	5	7	3	7	—	10
Individual store handles	5	3	3	10	10	—
Don't know/ no answer	11	7	3	7	17	23
Refused	2	3	—	—	7	—
(MEAN)	($0.21)	($0.20)	($0.21)	($0.14)	($0.25)	($0.26)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive research*

Lifespan of floor maintenance equipment

	Total	Discount	Drug	Supermarket	Department	Home Center
(Bases)	(150)*	(30)*	(30)*	(30)*	(30)*	(30)*
	%	%	%	%	%	%
4 years or less	14	17	17	20	7	10
5 years	31	30	33	33	33	23
6-9 years	12	20	10	13	17	—
10 years	17	10	17	23	23	10
11-14 years	3	—	7	—	3	3
15 years or more	1	—	3	—	—	3
Don't know/ no answer	9	—	3	3	13	23
Don't have floor maintenance equipment	3	—	3	—	3	10
Handled by outside supplier or mall	11	23	7	7	—	17
(MEAN)	(6.4)	(5.7)	(6.7)	(6.0)	(6.8)	(7.2)

*Adds to more than 100% due to rounding

Source: *Chain Store Age Executive research*

(which operates Circus World toy stores as well as 1,300 drug stores), the company about five years ago took a firm stand on floor maintenance. "They wanted to enhance the character of the existing floors in terms of cleanliness and visual appearance, which would reflect itself in additional sales. They wanted to see if they could prolong the life of the floor. Third, they wanted to reduce costs."

Becker adds that outside services often caused "internal consumption by virtue of theft and breakage," and demonstrated a lack of concern for appearance—hence the decision to conduct floor maintenance internally.

"And one of the things that separates us from other companies," he states, "is that this is not a local option. It's a corporate mandate. The stores *will* do their own spray buffing and maintain the stores."

The company implemented a program for maintaining the vinyl composition tile floors that are in most of its drug units. The program specified the use of a $1,000 330rpm machine, water soluble wax and cleaner. "I didn't want anything that involved buckets, paste, anything of that nature," Becker says. "I wanted a system that could be handled by a 5-ft., 95-lb. female."

According to Alan Reid, Rite Aid's director of store maintenance, the system allows store personnel to do the maintenance whenever it's needed. "Our program is to do the front and the back of the store on a daily basis. And the main aisles, which don't get as much wear and tear, get done a minimum of once a week."

As a result, "Our floors have looked better generally," Becker claims. "And our costs have been radically reduced." He notes that Rite Aid projected savings in the millions of dollars (based on a thousand stores) for an eight-year period with the system. The company, which was once spending $75 to $100 a month per store "to have the floors waxed inadequately," he says, now spends less than $100 a year per store on consumables.

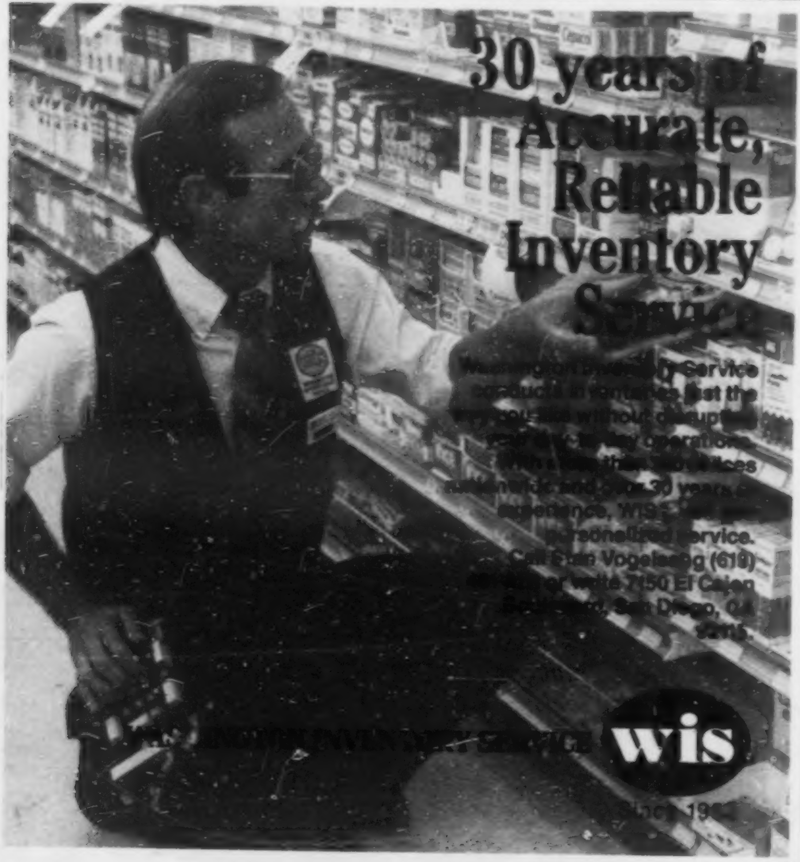
"Another important factor is preventing wear and tear," Reid adds. Rite Aid has installed special rubber matting to remove some of the dirt from the bottoms of entering customers' shoes. "During the winter months we also have another mat to keep some of that moisture off the floor."

Reid says the program has produced "satisfactory results in many cases. But we're always interested in what's new in the field."

Rite Aid would no doubt like to hear about an in-house carpet cleaning system that's suitable to its needs. Having been unable to find one thus far, it still uses outside services for its carpeted toy and drug stores.

Still, using outside carpet cleaners doesn't seem to bother Lynn Reynolds, vp-property development at Zale. The Irving, Tex.-based firm operates a chain of carpeted jewelry stores.

In addition to having their carpets cleaned about once a year by an outside service, Reynolds says, "the only maintenance program we have is that the stores get the best vacuum cleaners available—and in this case that does more for you than anything." ■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Many progressive retail chains are thinking strategically about physical distribution, which they consider part of the mainstream of the business.

Profitability's final frontier: Efficiency in distribution

"If you look around the country at the successful retailers today, you can bet that they have a topnotch distribution function that gets a lot of corporate attention."

So says James A. Nelson, vp and director of physical distribution at Volume Shoe, Topeka, Kan. Volume, which operates more than 1,600 Payless ShoeSource units, is a subsidiary of May Department Stores.

Certainly, as retailers face such events as the deregulation of the trucking industry and the shift to more imported rather than domestic goods, they're placing more emphasis on the distribution function.

"The only thing you can be sure of is change," remarks J. C. Penney's vp and director of distribution, Michael Todres. "I think you better know where you're going and how you want to get there or you'll be left behind everybody else." Distribution is part of the mainstream of Penney's business today, says Todres, who reports directly to the office of the chairman.

Cost is a major reason why retail chains—especially those with ambitious expansion plans—are thinking strategically about distribution.

"In many, many businesses, the last frontier of improved profitability is that area called physical distribution," Nelson says. "Companies like ours that are growing and developing are recognizing this and are now integrating the physical distribution philosophy into the overall marketing strategy of the whole company."

For instance, the Federated Group, a swiftly growing consumer electronics chain based in City of Commerce, Calif., plots its expansion on the belief that a single distribution point can effectively service stores within a 600-mile radius.

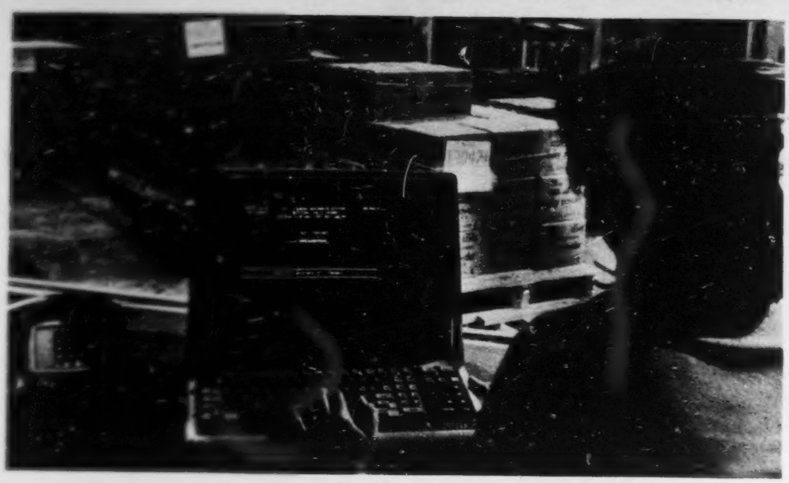
The company is enlarging its City of Commerce facility to 170,000 sq. ft., in order to distribute to 15 selected markets in California, Arizona and Nevada that are within the radius. It has also committed to a 90,000-sq.-ft. warehouse in the Dallas area, which will service stores in the newly targeted South Central region.

The Limited, another go-go concern, recently completed a 1.5 million-sq.-ft. distribution complex connected to its Columbus, Ohio, head office (*Chain Store Age Executive*, March 1985). The complex provides huge capacity—it can handle up to 200 million garments a year and service some 3,500 stores—that's needed by a women's apparel retailer experiencing massive growth through expansion and acquisitions. Moreover, its Litton UHS/IBM system insures accurate bills of lading by scanning outbound boxes just as they are about to be loaded onto the trucks.

One big factor to impact the distribution field recently is the calming down of the trucking business.

"Domestically, the whole business of the deregulation of the motor carrier industry has pretty well shaken out most of the carriers that aren't going to make it," Volume Shoe's Nelson claims. "Quality shippers and quality carriers are starting to form some partnerships. The last two or three years of rate wars, with the shipper being on the controlling side, has pretty well ended."

Another key factor is the advent of information systems—many of which



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$100 MILLION CLUB

Chain Store Age Executive's *annual ranking, by sales, of the top retail chains in the United States. See how they performed during 1984 also in terms of earnings, return on equity and earnings as a per cent of sales. Information includes number of stores being added in 1985.*

are microprocessor based—with such applications as localized inventory control, labor management and vehicle scheduling. As software becomes more user-friendly and hardware less expensive, interest in these systems seems to be growing.

Tied to all this is the growing presence of the bar code. "In the next year or two you're going to see a leap forward in bar code scanning technology," says Nelson, who confidently states that the bar code is "revolutionizing distribution operations." He listed some bar code applications with significant potential:

- On-line receiving. Merchandise premarked by the vendor is scanned as it enters the distribution center, inputting it into the system.
- Merchandise putaway and stockkeeping. Locations within a warehouse are bar coded and scanned to keep track of merchandise.
- Labor management. With the use of employee identification badges, a system can keep track of where employees worked and how productive they were. The data can be used for productivity measurement and labor scheduling purposes.

Volume Shoe, which operates a 550,000-sq.-ft. distribution center driven by a General Automation 900 computer, has developed customized labor-scheduling and unit-loading programs. In addition, Nelson says, "we've developed some quality and productivity measuring programs that allow our management not only to plan better for tomorrow but to execute better."

However, the company, like many other retailers, has yet to use bar code technology in nonproduct-movement areas. "We're following these things very closely and we're attempting to avail ourselves of those that are prudent to use," he says.

As far as mechanical handling equipment is concerned, there has been a continual refinement in existing technology rather than any quantum leap. A generally higher level of automation—sometimes referred to fancifully as "robotics"—characterizes several of the more recently built distribution centers.

Caldor, for example, employs three wire-guided lift trucks in the 520,000-sq.-ft., $20 million facility it opened in North Bergen, N.J., last July (*Chain Store Age Executive*, January 1985). Valued at $100,000 each, the Raymond model 38 "swing reach" trucks have a maximum blade height of 38 ft.—well-suited for the Caldor center's narrow-aisle, high-rack stock area. ■

SHOPPING BAGS

Convenience, cost-cutting, recycling: They're in the bag

Convenience and customer second-use, or "recycling," created such wide-scale acceptance of plastic shopping bags that these are now in use at many of Harris-Teeter's stores. And that's good news for the Charlotte, N.C.-based company which, like other supermarketers, is attempting to cut down operating costs wherever possible.

In fact, W. A. Fowlkes, vp and general manager, actually decided to use plastic grocery sacks three years ago because of what he saw as the potential for substantial savings over the long term. Ironically, the decision came just when kraft paper prices were falling. However, Fowlkes saw the real cost savings coming from storage and transportation costs.

For example, 1,000 plastic sacks can fit into the space usually reserved for only 250 paper bags. As Roger Helms, Harris-Teeter's supply and equipment purchasing manager says, "One truck of paper usually lasts us about a week, but one truckload of plastic will give us between three and four weeks supply for stores currently using plastic bags. There's no way we can lose by sticking to plastic, over the long term, with or without parity in raw material costs."

However, perhaps just as important, Fowlkes notes that a study by the Glen Consulting Group, Chicago, indicates a 70% consumer preference for plastic. In fact, he says, over 80% of the chain's customers see plastic grocery sacks as an added benefit of shopping Harris-Teeter. Here is where convenience and recyling come into play.

"The handles on the T-shirt bag mean fewer trips to and from the car when the shopper gets home and begins the unloading process," says Fowlkes. "Then they realize what a great trash bag it makes, or container for numerous household items."

He adds that an additional benefit is the fact that "More people are taking their groceries to cars themselves instead of taking along a checkout clerk and cart. Of course, we still offer this 'carry out' service at all our stores, but having to do less of it saves us time and money."

Harris-Teeter believes that the key to a smooth transition from paper to plastic is good bagging techniques, including training on packing them horizontally instead of vertically.

While pleased with the changeover to plastic, Fowlkes does not provide any actual estimates of cost savings. However, he believes the benefits are even greater in view of the introduction of HMW-HDPE (high molecular weight, high density polyethylene) resin in bag manufacturing. The store managers are given the choice between the high density and linear low resins. The majority are opting for HMW-HDPE.

Plastic shopping bags are receiving wide-scale customer acceptance at Harris-Teeter.

"In the next few years, our stores' inventory ratio of plastic to paper will grow from 80% plastic to over 90%," Fowlkes predicts. ■

SHOPPING CARTS

Supermarketers attempt to combat shrinkage on wheels

Shopping carts cost retailers money. Certainly there is the initial purchase expense. But, perhaps just as significant are a variety of other costs associated with this equipment.

A sizable portion of these additional costs is associated with shrinkage, including carts that "mysteriously" disappear from parking lots.

However, another long-time problem is merchandise that leaves the store without being checked out because it is forgotten on the bottom of the cart. Manufacturers are attempting to do something to combat it.

For example, inventor Charles M. Hooley has developed a product that Rehrig International is marketing as the Shrink Killer. This device detects weight in the lower tray as the shopping cart passes the checkout counter. It works by means of an electronic eye which reads a reflector activated when weight is placed on the cart's lower tray. The light remains on until the turn-off button is pushed by the cashier.

Other losses that can be tied into cart usage are related to parking lot damage from runaway carts. However, switching over to plastic carts is helping to reduce these expenses.

There's also an additional reason for plastic's growing popularity: the need for larger carts. As stores become larger, and particularly in the case of the emerging megastores, consumers want to be able to load more merchandise into a single cart.

A major problem with larger carts, though, is one of weight. Conventional steel carts, for example, can weigh up to 45 lb. The shipping expense is obvious. Therefore, lighter weight plastic becomes an even more appealing alternative.

Variations on all-plastic carts might include vinyl-coated steel and nylon-coated steel construction.

Along with all the other cost considerations, retailers report that carts utilizing some type of plastic in their construction are easier, and therefore cheaper, to maintain than the all-steel versions. ■

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with Shopping Center Age
The newsmagazine for retail operations

August 1985

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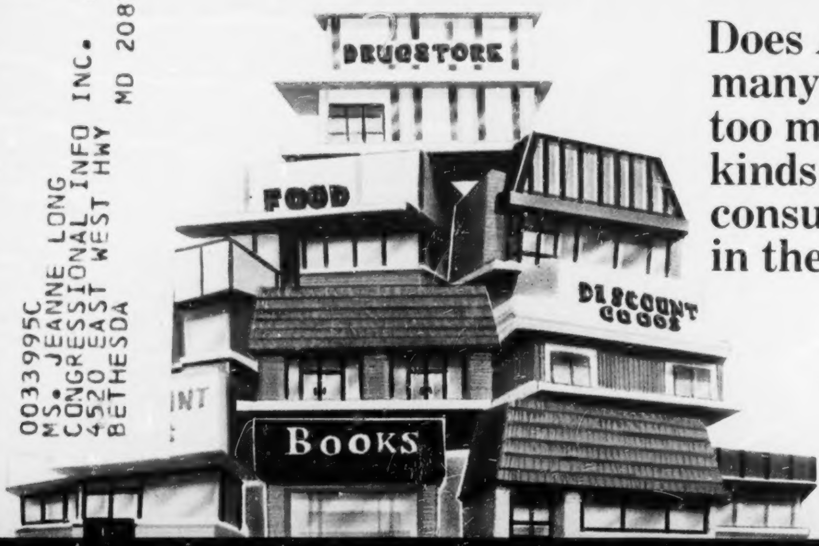

Does America have too many stores? Or are there too many of the wrong kinds of stores for today's consumer? And are they in the wrong places?

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WASHINGTON COMMENTARY

By Ken Rankin

Polygraph test problem refuses to go away

At least once every two years civil libertarians, organized labor and various other critics of employee polygraph testing converge on Congress to press for Federal legislation banning the use of lie detectors by business.

And just as regularly, representatives from the nation's drug stores, discount chains, supermarkets, department stores and other segments of retailing turn up on Capitol Hill to defend the polygraph as an essential tool for screening out dishonest workers.

That ritual is likely to take place again this month as supporters and opponents of workplace lie detector testing square off to debate new proposals to impose nationwide restrictions on the use of polygraph machines by retailers and other employers.

To be fair, there's some validity to the arguments on both sides of this issue.

Stripped of the ability to screen job applicants with lie detector tests, for example, the nation's drug stores would face an uphill battle to keep addicts and drug diverters out of positions of trust behind the prescription counter.

On the other side, opponents of polygraph testing have no trouble citing examples of abusive practices by employers who have come to depend on lie detector tests as substitutes for effective management.

One major drug chain, for example, requires its supervisory personnel to submit to regular polygraph exams designed to measure "company loyalty" and compliance with corporate policies which are unrelated to any security issues.

This time around, there's a new element in the debate: an increased appreciation on Capitol Hill for the role of the polygraph.

To be sure, the shifting mood of Congress has little to do with the security concerns of retailers. It stems instead from the deepening concern over national security following this summer's rash of terrorist incidents and revelations of Soviet spying on U.S. naval operations.

At this writing, Congress was debating new legislation to require far more extensive lie detector testing of Government personnel with security clearances. That legislation would have no direct effect on the use of polygraph machines by private employers. But it could have an indirect impact on the upcoming debate over lie detector testing in the workplace.

Given the current climate in Washington, it would not be surprising at all if Congress again rejects proposals for Federal restrictions on polygraph testing despite the security-conscious climate on Capitol Hill.

As long as retailers and other businesses misuse the polygraph, there will continue to be pressure to outlaw these tests in the workplace altogether.

F.Y.I.

Rite Aid plans to sell Circus World units

"Toys aren't for us" is the latest message coming from Rite Aid.

The Shiremanstown, Pa.-based company has agreed to sell its 189-unit Circus World toy chain to Greenman Bros. of Farmingdale, N.Y., for about $35 million in cash and 185,000 new shares of the buyer's common stock. The transaction was expected to close this month.

Rite Aid, known mainly for its 1,300-odd drug stores, apparently wasn't satisfied with the return delivered by Circus World. According to published reports, Rite Aid said the toy subsidiary was profitable but didn't perform up to snuff last Christmas. Better returns are expected from the parent's drug store, auto supply and bookstore properties.

In the meantime, Greenman Bros.—in which Rite Aid will have a 3.8% stake if the deal closes as planned—stands to emerge as a major power in toy retailing.

A wholesaler as well as the operator of some 80 Playland and Playworld stores, Greenman Bros. would end up with approximately 270 toy stores in all.

For the fiscal year ended March 2, Rite Aid had net income of $69.9 million, or $1.69 a share, on revenues of $1.45 billion. Greenman Bros. posted net income of $7.1 million, or $1.86 a share, on sales of $172.9 million for the fiscal year ended Feb. 2.

First Atlanta gives Discover ATM access

As promised by Sears, Roebuck chairman, ceo, Edward Brennan several months ago, the company's new Discover is now ATM-accessible—at least in the card's pilot market. The First National Bank of Atlanta will give Discover cardholders access to its 111 automatic teller machines in Georgia.

First Atlanta is the first bank to provide payment and settlement services to merchants accepting the card, which will be introduced nationally in 1986.

While First Atlanta will handle transactions nationwide, it is only one of several banks that will eventually be signed by Discover Card Services, according to Sears.

Following the policy that it has maintained so far, Sears still isn't talking fees. While the company admits it is paying First Atlanta for its services, it won't say how much. Nor will Sears indicate the finance charge or annual fee to cardholders.

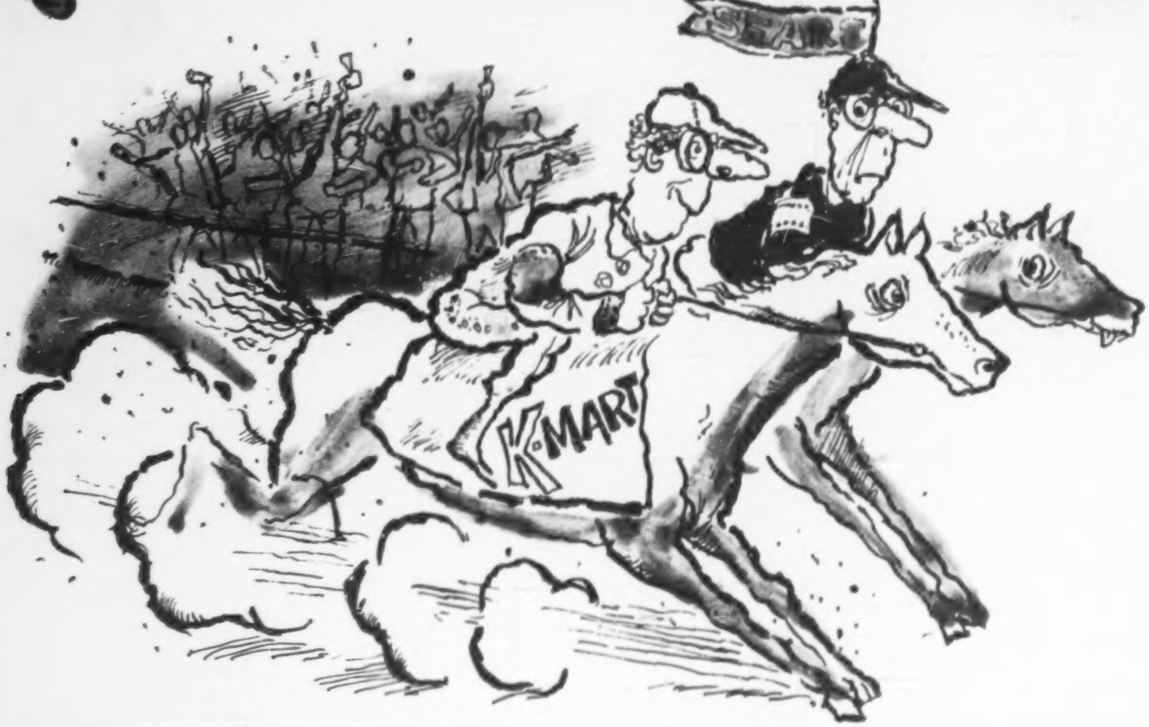
Although First Atlanta will be handling the aforementioned card transactions, it has stated it will not be marketing the Discover card, nor seeking merchants to accept it. The bank claims it is the largest issuer of credit cards in the Southeast, including MasterCard and Visa, thereby making the Discover card a competitor to its own business.

Sears has also announced it is in negotiations with the bank for other joint activities in credit and electronic funds transfer.

At presstime, American Airlines, Transamerica Corp.'s Budget Rent-a-Car, Hospital Corp. of America and Denny's Inc. restaurants had agreed to honor Discover.

Correction

The lifespan of ceilings, according to *Chain Store Age Executive* research, is currently an average of 13.1 years. This number was incorrectly reported in the July issue.



Top chains run neck and neck for No. 1 retailer crown

K mart jockeys for position, threatening to take the sales volume lead from perennial winner Sears

K mart is on the verge of becoming the No. 1 retail chain in the country in dollar volume, surpassing Sears, Roebuck, which has led the pack since the industry began to keep records.

The discount chain came close in 1984, posting a 13.4% increase in sales to $21.1 billion, leaving it slightly behind but catching up on Sears, which posted a 6% increase to $21.7 billion in strictly general merchandise sales.

In fact, K mart surpassed Sears in general merchandise volume in the first quarter of this year, posting sales of $4,984,000,000, slightly higher than the $4,943,000,000 that Sears had in that same merchandise category.

K mart's climb has been steady in *Chain Store Age Executive*'s annual $100 Million Club survey, having passed Safeway for the No. 2 spot in 1983. Safeway posted a 5.7% increase in 1984 sales to $19.6 billion to remain in third place.

Kroger retained fourth place with 1984 volume of $15.9 billion, followed by J. C. Penney with sales of $13.5 billion. American Stores, which acquired Jewel Cos. during 1984 and included the results of Jewel for the last six months of the fiscal year ended Feb. 2, jumped from ninth to sixth place. It replaced Southland, which dropped to 10th.

Jewel's annual sales are about $6 billion and when the whole year's results are included in the 1985 chart, American should climb even higher in the standings.

Federated Department Stores and Lucky Stores stayed in seventh and eighth places respectively. Dayton Hudson climbed from 11th place to ninth. Winn-Dixie dropped from 10th to 11th in the listings.

Wal-Mart made a dramatic leap, rising from No. 18 in 1983 to No. 13 in 1984 with sales of $6.4 billion, a whopping 37.1% increase. Montgomery Ward remained in 12th place while A&P climbed from 16th to 14th place, replacing F. W. Woolworth, which dropped to 15th place. Household International's retail sales dropped from 15th to 16th place, while the Army & Air Force Exchange stayed in 17th place. May Department Stores moved up to 18th position from No. 20 in 1983, and Albertson's remained in 19th place. Melville rose from No. 21 to No. 20. ■

$100 MILLION CLUB

Chains	1984 Sales (millions)	1983 Sales (millions)	1984 Earnings (millions)	1983 Earnings (millions)	1984 Earnings As % of Sales	1983 Earnings As % of Sales	Return On Equity	Existing Units 1984	Units To Be Added 1985
1. Sears, Roebuck & Co.*	$21,671	$20,439	$656.0	$654.0	3.0	3.2	8.7	898	9
2. K mart	21,095	18,598	499.1	492.3	2.4	2.6	16.2	2,100	N/A
3. Safeway	19,642	18,585	185.0	183.3	0.9	1.0	13.0	2,571	N/A
4. Kroger	15,900	15,236	156.6	127.1	1.0	0.8	14.1	2,379	416
5. J. C. Penney	13,451	12,078	435.0	467.0	3.3	3.9	11.8	1,994	N/A
6. American Stores[1]	12,118	7,984	185.5	117.9	1.5	1.5	[illegible]	1,486	N/A
7. Federated Dept. Stores	9,672	8,689	329.0	338.3	3.4	3.8	[illegible]	589	5
8. Lucky	9,237	8,388	94.6	105.4	1.0	1.3	15.8	1,395	204
9. Dayton Hudson	8,009	6,963	259.3	243.2	3.2	3.5	15.8	1,136	37
10. Southland	7,767	6,820	160.2	131.8	1.3	1.5	14.2	7,473	150
11. Winn-Dixie	7,302	7,019	115.9	113.5	1.6	1.6	N/A	N/A	N/A
12. Montgomery Ward	6,495	6,003	53.0	54.0	0.8	0.9	1.2	366	N/A
13. Wal-Mart	6,400	4,667	270.8	196.2	4.2	4.2	31.4	756	125
14. A&P	5,878	5,222	215.8	47.6	3.7	1.1	13.4	N/A	N/A
15. F. W. Woolworth	5,737	5,456	141.0	118.0	2.5	2.6	N/A	5,549	320
16. Household International*	5,460	5,306	49.6	39.6	0.9	0.7	N/A	N/A	N/A
17. Army/Air Force Exchange	4,900	4,800	236.3	221.0	5.3	5.0	N/A	5,500	N/A
18. May Dept. Stores	4,744	4,173	214.0	187.0	4.5	4.4	17.5	1,864	208
19. Albertson's	4,736	4,279	80.0	70.3	1.7	1.6	18.9	434	30
20. Melville	4,423	3,923	190.4	176.3	4.3	4.5	21.4	5,911	274
21. ADG	4,107	3,718	121.0	115.5	3.0	3.1	12.7	333	N/A
22. R. H. Macy	4,065	3,468	221.9	186.7	5.5	5.4	46.8	96	4
23. Allied Stores	3,970	3,676	140.7	128.5	3.5	3.5	13.9	597	38
24. Carter Hawley Hale	3,724	3,101	89.7	67.5	2.4	2.1	46.0	269	N/A
25. BATUS*	3,374	3,145	196.0	218.3	5.8	6.9	N/A	247	N/A
26. Stop & Shop	3,247	2,791	55.0	50.8	1.7	1.8	16.3	386	8
27. Publix	3,232	2,835	75.5	56.7	2.3	2.0	20.0	276	21
28. Zayre	3,123	2,614	80.3	61.4	2.6	2.4	18.6	847	105
29. Wickes*	2,984	1,500	26.7	27.9	0.9	1.9	N/A	444	N/A
30. Walgreen	2,744	2,361	85.4	69.8	3.1	3.0	22.2	1,208	100
31. Tandy	2,737	2,475	281.9	278.5	10.3	11.2	7.6	9,018	N/A
32. Jack Eckerd	2,622	2,325	85.3	71.7	3.3	3.1	14.4	1,423	104
33. Grand Union	2,529	3,439	5.3	(115.2)	N/A	N/A	N/A	383	N/A
34. Von's	2,433	2,383	N/A	N/A	N/A	N/A	N/A	176	N/A
35. Revco	2,400	1,839	93.4	68.0	3.9	3.7	N/A	1,943	N/A
36. Best Products	2,253	2,081	13.6	33.0	0.6	1.6	3.3	244	N/A
37. Giant Food	2,137	1,957	45.2	40.5	2.1	2.0	21.4	131	23
38. Belk	1,850	1,600	N/A	N/A	N/A	N/A	N/A	350	N/A
39. W. R. Grace[2]	1,792	1,547	32.9	30.8	1.8	2.0	N/A	853	N/A
40. Waldbaum's	1,712	1,587	13.0	13.9	0.8	0.9	N/A	N/A	N/A
41. Mercantile Stores	1,707	1,626	85.0	83.2	5.0	5.1	15.2	78	2
42. Toys "R" Us	1,702	1,320	111.4	92.3	7.0	7.0	21.4	218	50
43. Lowe's	1,689	1,430	61.4	50.6	3.6	3.5	19.4	248	N/A
44. Circle K	1,682	1,028	33.4	21.7	2.0	2.1	N/A	N/A	N/A
45. Service Merchandise	1,657	1,458	44.6	44.9	2.7	3.0	N/A	205	N/A
46. Super Valu*	1,576	1,483	39.0	44.4	2.5	3.0	N/A	N/A	N/A
47. H. E. Butt	1,550	1,600	N/A	N/A	N/A	N/A	N/A	148	N/A
48. Sherwin Williams*	1,473	1,302	55.9	34.6	3.9	2.6	N/A	1,958	195
49. Food Town	1,470	1,172	37.3	27.7	2.5	2.4	30.2	251	65
50. Rite Aid	1,446	1,223	69.9	74.3	4.8	6.1	N/A	1,275	N/A
51. SCOA	1,424	1,305	41.0	41.8	2.9	3.2	8.1	757	N/A
52. Long's	1,376	1,214	40.1	36.4	2.9	3.0	16.5	191	19
53. The Limited	1,343	1,086	92.5	70.9	6.9	6.5	N/A	2,475	N/A
54. Thrifty Corp.	1,299	1,188	27.9	22.5	2.1	1.9	N/A	542	25
55. Dillard Dept. Stores	1,277	848	49.6	34.1	4.0	4.0	0.2	93	4
56. First National	1,277	1,267	1.2	11.6	0.1	0.9	2.6	146	2
57. Cullum	1,228	1,127	12.8	13.9	1.0	1.2	14.7	122	N/A
58. Fred Meyer*	1,214	1,188	N/A	N/A	N/A	N/A	N/A	69	N/A
59. Hy Vee Food	1,209	1,099	N/A	N/A	N/A	N/A	N/A	153	7
60. Payless Cashways	1,174	1,006	37.1	40.6	3.2	4.0	N/A	N/A	N/A
61. U.S. Shoe*	1,143	973	52.0	78.1	4.5	8.0	N/A	N/A	N/A
62. Price Co.	1,141	633	28.6	14.7	2.5	2.3	N/A	N/A	N/A
63. Meijer	1,100	1,200	N/A	N/A	N/A	N/A	N/A	52	N/A
64. Evans Products	1,070	928	N/A	69.6	N/A	N/A	N/A	349	N/A
65. Roundy's	1,066	877	N/A	N/A	N/A	N/A	N/A	N/A	N/A
66. Edison Brothers	1,054	1,022	32.9	46.0	3.1	4.5	11.6	2,355	125

*Retail only ( ) Loss N/A Not Available

[1] Includes Jewel Cos. as of the second half of 1984

[2] The 1983 figure has been restated due to the sale of the County Seat division

Source: Chain data and *Chain Store Age Executive* estimates

$100 MILLION CLUB

Chains	1984 Sales (millions)	1983 Sales (millions)	1984 Earnings (millions)	1983 Earnings (millions)	1984 Earnings As % of Sales	1983 Earnings As % of Sales	Return On Equity	Existing Units 1984	Units To Be Added 1985
67. Zale Corp.	$1,054	$1,003	$ 38.8	$ 35.4	3.7	3.5	8.5	1,577	70
68. Borman's	1,025	996	(1.1)	(10.9)	N/A	N/A	N/A	85	N/A
69. Nordstrom	983	788	40.7	40.2	4.1	5.1	N/A	41	N/A
70. Weis Markets	958	892	55.3	50.1	5.8	5.6	1.8	119	4
71. Petrie	951	626	54.6	47.6	5.7	7.6	N/A	1,362	N/A
72. Rose's	927	829	23.9	21.9	2.6	2.6	17.8	193	15
73. McCrory[3]	918	818	82.5	76.0	N/A	N/A	N/A	N/A	N/A
74. Smith's	916	888	N/A	N/A	N/A	N/A	N/A	123	N/A
75. G. C. Murphy	913	872	19.0	18.4	2.1	2.1	N/A	N/A	N/A
76. Scot Lad Foods Inc.	887	857	6.3	3.8	0.7	0.4	N/A	N/A	N/A
77. Payless Drug (N.W.)	853	784	24.7	19.4	3.0	2.5	20.8	149	10
78. Ames	822	647	28.5	19.9	3.5	3.1	25.5	180	21
79. National Convenience	816	632	18.4	14.2	2.2	2.2	22.5	1,081	N/A
80. Schnuck Markets	800	750	N/A	N/A	N/A	N/A	N/A	60	N/A
81. Stater Bros. Markets	800	700	N/A	N/A	N/A	N/A	N/A	93	3
82. Pantry Pride	770	942	9.9	13.5	1.3	1.4	9.9	171	28
83. Levitz	762	644	34.2	27.4	4.5	4.3	19.4	92	7
84. 84 Lumber	750	690	N/A	N/A	N/A	N/A	N/A	365	N/A
85. Shaw's	750	600	N/A	N/A	N/A	N/A	N/A	43	N/A
86. Big Bear (Ohio)	739	704	10.1	9.8	1.4	1.4	21.4	88	3
87. Bruno's	716	605	18.8	15.2	2.6	2.5	24.5	76	14
88. Raley's	715	640	N/A	N/A	N/A	N/A	N/A	46	N/A
89. Hannaford Bros.	707	624	11.3	9.6	1.6	1.5	16.7	98	1
90. Western Auto	698	700	N/A	N/A	N/A	N/A	N/A	N/A	N/A
91. Red Food	665	330	N/A	N/A	N/A	N/A	N/A	91	N/A
92. Harris-Teeter†	650	422	N/A	N/A	N/A	N/A	N/A	127	N/A
93. Strawbridge & Clothier	630	546	24.7	20.1	4.0	3.8	16.8	31	1
94. Marsh Supermarkets	628	605	4.7	1.6	0.7	0.2	N/A	N/A	N/A
95. Gray Drug	623	578	0.1	5.8	0.0	1.0	N/A	N/A	N/A
96. Hartmarx*	612	538	N/A	35.1	N/A	N/A	N/A	453	N/A
97. Wegman†	600	575	N/A	N/A	N/A	N/A	N/A	36	N/A
98. Carson Pirie Scott*	594	343	18.4	15.1	3.1	4.4	N/A	21	N/A
99. Thrift Drug	591	588	N/A	N/A	N/A	N/A	N/A	373	N/A
100. Delchamps	588	536	8.5	6.9	1.4	1.3	1.4	78	9
101. Smitty's†	575	534	N/A	N/A	N/A	N/A	N/A	20	N/A
102. Shopwell	557	512	(1.5)	1.8	N/A	0.4	N/A	57	5
103. Interco*	545	694	17.3	29.0	3.2	4.2	N/A	263	N/A
104. Big V Supers	543	526	2.0	5.5	0.3	1.0	5.1	33	N/A
105. Sentry Markets	534	499	2.8	1.5	0.5	0.3	10.0	84	N/A
106. The Gap	534	481	12.2	21.6	2.3	4.5	9.9	623	N/A
107. Allied Supermarkets	530	576	(1.3)	5.6	N/A	1.0	N/A	96	N/A
108. Morse Shoe	527	523	9.1	19.2	1.7	3.7	N/A	N/A	N/A
109. Nash Finch*	522	489	7.0	7.3	N/A	N/A	N/A	92	N/A
110. H. J. Wilson	521	514	(3.3)	8.8	N/A	1.7	N/A	79	1
111. Circuit City	519	357	20.2	12.0	3.9	3.4	29.3	96	24
112. Alexander's	517	511	4.0	4.6	0.8	0.9	N/A	N/A	N/A
113. Gordon Jewelry	506	475	27.3	19.8	5.4	4.2	8.8	660	25
114. Fisher Foods	503	506	(5.4)	0.5	N/A	0.1	N/A	47	0
115. Piggly Wiggly So.†	500	450	N/A	N/A	N/A	N/A	N/A	82	N/A
116. Food Giant	488	542	N/A	N/A	N/A	N/A	N/A	84	N/A
117. Peter J. Schmitt	485	442	N/A	N/A	N/A	N/A	N/A	19	N/A
118. Dollar General	481	347	20.6	15.1	4.3	4.4	24.2	1,080	206
119. Pueblo International	476	509	3.9	3.9	0.8	0.8	2.9	44	0
120. Jamesway	475	417	13.3	11.5	2.8	2.8	17.5	85	10
121. Ingles	470	418	5.4	4.9	1.2	1.2	0.1	91	12
122. Heck's	465	435	(7.8)	9.6	N/A	2.2	N/A	126	10
123. Foodarama	451	440	210.0	155.0	46.6	35.2	N/A	N/A	N/A
124. Pamida	451	410	11.2	9.3	2.5	2.3	17.0	160	10
125. Woodward & Lothrop	451	404	N/A	15.5	N/A	3.9	N/A	16	0
126. Brookshire Food Stores†	450	400	N/A	N/A	N/A	N/A	N/A	72	N/A
127. Schwegmann's†	450	380	N/A	N/A	N/A	N/A	N/A	12	1
128. King Kullen*	439	428	N/A	N/A	N/A	N/A	N/A	51	N/A
129. General Mills*	437	429	N/A	N/A	N/A	N/A	N/A	224	N/A
130. Home Depot	433	256	14.1	10.3	3.3	4.0	N/A	31	N/A
131. Scotty's	425	399	18.1	11.3	4.3	3.1	N/A	N/A	N/A
132. Munford	424	396	8.2	7.5	1.9	1.9	N/A	N/A	N/A

*Retail only †Estimated ( ) Loss N/A Not Available [3]Operating profits

Source: Chain data and *Chain Store Age Executive* estimates

$100 MILLION CLUB

Chains	1984 Sales (millions)	1983 Sales (millions)	1984 Earnings (millions)	1983 Earnings (millions)	1984 Earnings As % of Sales	1983 Earnings As % of Sales	Return On Equity	Existing Units 1984	Units To Be Added 1985
133. Brooks Fashions	$420	$336	N/A	$ 23.5	N/A	7.0	N/A	1,400	N/A
134. C. R. Anthony	416	396	$ 7.7	9.8	1.9	2.5	10.2	279	4
135. Hechinger	405	310	21.0	16.2	5.2	5.3	18.9	45	10
136. Giant Food (Pa.)	400	340	N/A	N/A	N/A	N/A	N/A	38	N/A
137. Jitney Jungle†	400	350	N/A	N/A	N/A	N/A	N/A	52	N/A
138. Boise Cascade*	390	440	N/A	N/A	N/A	N/A	N/A	77	N/A
139. Village Supers†	380	340	N/A	N/A	N/A	N/A	N/A	21	N/A
140. Perry Drug	372	286	7.6	4.5	2.0	1.9	13.2	148	15
141. Schultz Sav-O	369	369	N/A	1.1	N/A	0.3	N/A	38	N/A
142. Fay's Drug	367	312	8.7	8.1	2.4	2.6	15.5	125	42
143. Duckwall-ALCO	364	317	4.4	8.6	1.3	2.7	69.6	N/A	15
144. Victory Markets	361	329	2.5	2.9	0.7	0.9	14.0	86	2
145. Farm Fresh	360	295	9.7	7.1	2.7	2.4	27.2	31	7
146. Almac†	350	350	N/A	N/A	N/A	N/A	N/A	40	0
147. Tamarkin†	350	330	N/A	N/A	N/A	N/A	N/A	44	N/A
148. Pep Boys	348	306	18.3	15.5	5.3	5.0	17.6	135	30
149. Rickel Home Centers	347	275	21.2	18.3	6.1	6.6	N/A	40	N/A
150. Hook Drugs	346	321	8.1	8.7	2.3	2.7	N/A	N/A	N/A
151. Family Dollar	341	264	23.6	15.7	6.9	5.9	29.3	765	150
152. Minyard Foods†	333	315	N/A	N/A	N/A	N/A	N/A	55	N/A
153. Adams Drug	332	302	N/A	7.1	N/A	2.4	N/A	422	N/A
154. Diamond Lumber†	330	306	N/A	N/A	N/A	N/A	N/A	96	N/A
155. K&B	330	330	N/A	N/A	N/A	N/A	N/A	135	N/A
156. Fiesta Markets†	325	250	N/A	N/A	N/A	N/A	N/A	11	N/A
157. Mayfair Supermarkets	324	341	1.2	3.1	0.4	0.9	5.8	31	3
158. Fred W. Albrecht†	320	300	N/A	N/A	N/A	N/A	N/A	32	N/A
159. Standard Brand Paint*	315	297	20.8	18.6	6.6	6.3	15.0	115	11
160. Elder-Beerman	312	287	7.3	7.1	2.3	2.5	15.4	232	14
161. Burlington Coat	310	215	N/A	12.0	N/A	5.6	N/A	68	N/A
162. Brown Group*	309	299	116.0	139.0	37.5	46.5	N/A	2,278	N/A
163. Pay N Pack	305	250	10.1	10.0	3.3	4.0	10.6	101	4
164. Spencer Gifts	305	285	N/A	15.2	N/A	9.5	N/A	463	N/A
165. Oshmans	304	283	10.1	10.3	3.3	3.7	16.4	192	20
166. Boscov	300	N/A	N/A	N/A	N/A	N/A	N/A	10	N/A
167. Cook United	300	556	N/A	(61.3)	N/A	N/A	N/A	53	N/A
168. Fareway Stores†	300	276	N/A	N/A	N/A	N/A	N/A	43	N/A
169. Inserra Supers†	300	280	N/A	N/A	N/A	N/A	N/A	15	N/A
170. Randall Stores	300	310	N/A	4.2	N/A	1.4	N/A	30	1
171. The Lawson Co.	300	275	N/A	N/A	N/A	N/A	N/A	687	N/A
172. Mott's Supermarkets	298	295	0.5	1.5	1.6	0.5	18.3	24	1
173. Charming Shoppes	297	238	20.2	17.3	6.8	7.2	25.1	444	100
174. Shop & Go	295	254	10.2	8.9	3.5	3.5	N/A	448	25
175. S. E. Nichols	294	277	6.3	6.8	2.1	2.4	14.9	45	0
176. Save Marts	285	240	N/A	N/A	N/A	N/A	N/A	43	N/A
177. Tradewell Stores	285	291	N/A	1.6	N/A	0.6	N/A	95	N/A
178. Dixieland Food†	280	197	N/A	N/A	N/A	N/A	N/A	69	N/A
179. Glosser Bros.	280	253	4.2	4.3	1.5	1.7	13.5	63	10
180. House of Fabrics	278	240	11.3	9.7	4.1	4.0	N/A	N/A	N/A
181. Hess's	274	254	11.7	8.6	4.3	3.4	18.9	32	7
182. D. H. Holmes	272	254	7.5	8.5	2.8	3.3	11.1	15	2
183. Country Club	270	287	N/A	N/A	N/A	N/A	N/A	46	N/A
184. Handyman	270	240	N/A	N/A	N/A	N/A	N/A	55	N/A
185. H. C. Prange	267	248	N/A	3.6	N/A	1.4	N/A	74	N/A
186. Higbee	264	246	N/A	6.3	N/A	2.5	N/A	11	N/A
187. Pier 1	258	219	27.7	11.4	10.7	5.2	N/A	N/A	N/A
188. Consumer's Market	250	240	N/A	N/A	N/A	N/A	N/A	34	N/A
189. Harmon City Markets	250	162	N/A	N/A	N/A	N/A	N/A	7	N/A
190. Lowe's Food Stores	250	222	N/A	N/A	N/A	N/A	N/A	N/A	N/A
191. Wawa Markets	250	226	N/A	N/A	N/A	N/A	N/A	300	N/A
192. West Building	245	198	N/A	N/A	N/A	N/A	N/A	65	N/A
193. Jacobson's	241	213	5.4	4.4	2.3	2.0	17.0	19	1
194. Ernst Home Centers	240	255	N/A	N/A	N/A	N/A	N/A	70	N/A
195. General Host*	237	462	N/A	N/A	N/A	N/A	N/A	550	N/A
196. Melmarkets	235	250	N/A	N/A	N/A	N/A	N/A	16	N/A
197. Pic 'N Save	235	227	36.6	36.5	15.5	16.0	35.2	90	85
198. Basha's	231	165	N/A	N/A	N/A	N/A	N/A	36	N/A

*Retail only †Estimated ( ) Loss N/A Not Available

Source: Chain data and *Chain Store Age Executive* estimates

FOR MORE INFORMATION CIRCLE 100 ON READER SERVICE CARD ▶

$100 MILLION CLUB

Chains	1984 Sales (millions)	1983 Sales (millions)	1984 Earnings (millions)	1983 Earnings (millions)	1984 Earnings As % of Sales	1983 Earnings As % of Sales	Return On Equity	Existing Units 1984	Units To Be Added 1985
199. Central Hardware	$230	$200	N/A	N/A	N/A	N/A	N/A	30	N/A
200. Federated Group	230	138	$11.7	$ 6.1	5.0	4.4	29.1	43	N/A
201. Schottenstein Stores	230	317	N/A	27.1	N/A	8.5	N/A	35	3
202. Jewelcor	229	196	1.3	1.4	0.6	0.7	N/A	24	N/A
203. Fabri-Centers	227	209	3.9	4.6	1.7	2.2	76.5	657	30
204. B. Altman	225	235	N/A	N/A	N/A	N/A	N/A	11	N/A
205. Angelo's	225	204	N/A	N/A	N/A	N/A	N/A	75	N/A
206. Lionel Corp[3]	225	198	7.2	2.1	N/A	N/A	N/A	52	N/A
207. Casey's	221	136	N/A	N/A	N/A	N/A	N/A	427	N/A
208. Dart Drugs	220	292	N/A	N/A	N/A	N/A	N/A	78	N/A
209. Fishers Big Wheel	220	215	N/A	N/A	N/A	N/A	N/A	73	8
210. Genovese	220	194	4.1	3.9	1.9	2.0	19.1	77	N/A
211. Laneco	210	200	N/A	N/A	N/A	N/A	N/A	26	N/A
212. Ross Stores	210	76	N/A	N/A	N/A	N/A	N/A	73	N/A
213. Goudchaux/Maison Blanche	208	182	N/A	N/A	N/A	N/A	N/A	7	N/A
214. Rosso & Mastracco	208	175	N/A	N/A	N/A	N/A	N/A	62	N/A
215. Kay Jewelry	207	182	5.1	3.6	2.4	2.0	N/A	338	N/A
216. Houchens	206	216	N/A	N/A	N/A	N/A	N/A	45	1
217. Ann & Hope	205	203	N/A	N/A	N/A	N/A	N/A	75	N/A
218. Harding Friendly Markets	205	186	N/A	N/A	N/A	N/A	N/A	38	N/A
219. Sym's Corp.	204	179	N/A	10.3	N/A	5.8	N/A	12	N/A
220. Community Cash	200	180	N/A	N/A	N/A	N/A	N/A	42	N/A
221. Giant Food (Tenn.)	200	183	N/A	N/A	N/A	N/A	N/A	47	N/A
222. Giant Super Markets/Ray's	200	121	N/A	N/A	N/A	N/A	N/A	30	N/A
223. King's Super Markets	200	168	N/A	N/A	N/A	N/A	N/A	15	N/A
224. Love's Country Store	200	131	N/A	N/A	N/A	N/A	N/A	119	N/A
225. Rosauer's	200	185	N/A	N/A	N/A	N/A	N/A	24	N/A
226. Wieboldt's	191	181	N/A	(3.5)	N/A	N/A	N/A	13	N/A
227. Danners	189	166	0.2	(0.9)	0.1	N/A	2.3	136	N/A
228. Younkers	189	179	0.7	4.8	0.4	2.7	0.8	29	0
229. Big Bear (Calif.)	185	180	N/A	N/A	N/A	N/A	N/A	27	N/A
230. Sprouse-Reitz	183	159	4.9	4.4	2.7	2.8	9.4	317	15
231. Medicine Shoppe	182	143	N/A	N/A	N/A	N/A	N/A	499	N/A
232. Sunshine Jr. Stores	182	169	2.2	1.8	1.2	1.1	12.0	342	25
233. McCoy's Building Supply*	181	165	N/A	N/A	N/A	N/A	N/A	58	N/A
234. Big Discount Wonder Markets	180	170	N/A	N/A	N/A	N/A	N/A	14	N/A
235. Pergament Home Centers	180	160	N/A	N/A	N/A	N/A	N/A	1,100	N/A
236. Haverty Furniture	175	155	6.9	5.3	4.0	3.5	14.9	65	6
237. Martin & Bayley	175	150	N/A	N/A	N/A	N/A	N/A	129	N/A
238. Carr's Quality Centers	170	154	N/A	N/A	N/A	N/A	N/A	12	N/A
239. Waremart	170	140	N/A	N/A	N/A	N/A	N/A	18	N/A
240. Crazy Eddie	167	134	6.4	3.0	3.8	2.2	N/A	N/A	N/A
241. Copps	167	180	N/A	N/A	N/A	N/A	N/A	17	N/A
242. Parisian	167	137	5.3	6.1	3.2	4.5	12.9	12	1
243. Carter-Jones Lumber	165	120	N/A	N/A	N/A	N/A	N/A	142	N/A
244. D'Urso	165	153	N/A	N/A	N/A	N/A	N/A	18	N/A
245. The Pantry	165	332	N/A	N/A	N/A	N/A	N/A	465	N/A
246. Forest City	160	128	N/A	N/A	N/A	N/A	N/A	22	N/A
247. Sloan's Supers	160	160	N/A	N/A	N/A	N/A	N/A	40	N/A
248. ZCMI	159	151	7.6	3.6	4.8	2.4	7.0	9	1
249. Merry-Go-Round	158	112	9.8	7.3	6.2	6.5	N/A	N/A	N/A
250. Hamady	156	150	N/A	N/A	N/A	N/A	N/A	24	N/A
251. High's Dairy	156	142	N/A	N/A	N/A	N/A	N/A	349	N/A
252. Homecrafters Warehouse	156	104	N/A	N/A	N/A	N/A	N/A	41	N/A
253. Grand Auto	154	140	4.9	5.1	3.2	3.6	17.6	86	N/A
254. Dahl's Food Markets	150	125	N/A	N/A	N/A	N/A	N/A	12	N/A
255. Erb Lumber	150	137	2.9	2.1	1.9	1.5	8.7	35	N/A
256. Iandoli's Super Markets	150	120	N/A	N/A	N/A	N/A	N/A	63	17
257. Rice Food	150	150	N/A	N/A	N/A	N/A	N/A	31	N/A
258. Singer Super	150	140	N/A	N/A	N/A	N/A	N/A	7	N/A
259. Wyerhaeuser	150	130	N/A	N/A	N/A	N/A	N/A	11	N/A
260. Big B	148	117	N/A	N/A	N/A	N/A	N/A	99	N/A
261. Bonnie Be-Lo Markets	148	145	N/A	N/A	N/A	N/A	N/A	43	N/A
262. Dan's Supreme	148	148	N/A	N/A	N/A	N/A	N/A	23	N/A
263. Big Y Foods	145	140	N/A	N/A	N/A	N/A	N/A	17	N/A
264. Genuardi's	145	130	N/A	N/A	N/A	N/A	N/A	17	N/A
265. Man-Deli	145	142	N/A	N/A	N/A	N/A	N/A	15	N/A

*Retail only ( ) Loss N/A Not Available [3] Operating profits

Source: Chain data and *Chain Store Age Executive* estimates

◀ FOR MORE INFORMATION CIRCLE 100 ON READER SERVICE CARD

$100 MILLION CLUB

Chains	1984 Sales (millions)	1983 Sales (millions)	1984 Earnings (millions)	1983 Earnings (millions)	1984 Earnings As % of Sales	1983 Earnings As % of Sales	Return On Equity	Existing Units 1984	Units To Be Added 1985
266. Gaylord's	$143	$143	N/A	$1.1	N/A	0.8	N/A	32	N/A
267. McRae's	143	147	N/A	N/A	N/A	N/A	N/A	14	N/A
268. Alexander's Markets	140	121	N/A	N/A	N/A	N/A	N/A	10	N/A
269. Red Apple	140	130	N/A	N/A	N/A	N/A	N/A	32	N/A
270. Wolohan	139	112	N/A	N/A	N/A	N/A	N/A	34	N/A
271. W. Bell	138	125	2.7	$2.7	1.9	2.1	11.5	18	3
272. Quality Food	138	109	N/A	N/A	N/A	N/A	N/A	21	N/A
273. Golden Gallon	135	135	N/A	N/A	N/A	N/A	N/A	102	N/A
274. Ukrop's Super	135	135	N/A	N/A	N/A	N/A	N/A	14	N/A
275. Phillips-Van Heusen*	134	119	N/A	N/A	N/A	N/A	N/A	107	N/A
276. Rini's Stop-N-Shop	132	125	N/A	N/A	N/A	N/A	N/A	11	N/A
277. Shoe Town	132	129	11.5	12.6	8.7	9.8	13.8	194	N/A
278. Brookshire Bros.	130	115	N/A	N/A	N/A	N/A	N/A	43	N/A
279. Gerland's Food	130	128	N/A	N/A	N/A	N/A	N/A	12	N/A
280. Superamerica	130	118	N/A	N/A	N/A	N/A	N/A	205	N/A
281. National Lumber & Supply	128	114	N/A	2.2	N/A	1.9	N/A	15	N/A
282. Deb Shops	120	96	7.9	7.5	6.6	7.9	N/A	N/A	N/A
283. Snyder	120	100	N/A	N/A	N/A	N/A	N/A	55	N/A
284. Foodland Super Markets	117	110	N/A	N/A	N/A	N/A	N/A	28	N/A
285. Chicago Market	115	115	N/A	N/A	N/A	N/A	N/A	12	N/A
286. Eberhard	115	125	N/A	N/A	N/A	N/A	N/A	22	N/A
287. Scott's Food Stores	115	155	N/A	N/A	N/A	N/A	N/A	11	N/A
288. Crown Books Corp.	114	91	6.5	4.9	5.7	5.4	N/A	N/A	N/A
289. O'Malleys	114	110	N/A	N/A	N/A	N/A	N/A	19	N/A
290. Paul Harris	111	101	4.0	3.4	3.6	3.4	N/A	N/A	N/A
291. Foxworth-Galbraith	110	120	N/A	N/A	N/A	N/A	N/A	708	N/A
292. Heinen's	109	116	N/A	N/A	N/A	N/A	N/A	10	N/A
293. Byerly's	100	100	N/A	N/A	N/A	N/A	N/A	6	N/A
294. Stump's Enterprises	100	100	N/A	N/A	N/A	N/A	N/A	11	N/A

*Retail only N/A Not Available

Source: Chain data and *Chain Store Age Executive* estimates

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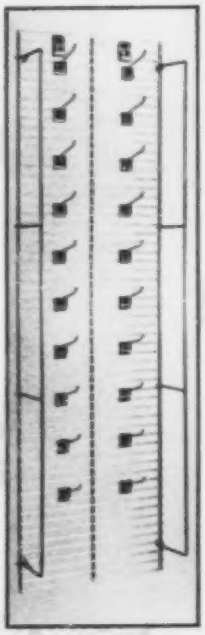

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$100 MILLION CLUB

Conglomerates

	Volume (in millions)		Units	
Chains and Divisions	**Most Recent Fiscal Year**	**Prev. Fiscal Year**	**Most Recent Fiscal Year**	**Prev. Fiscal Year**
The Kroger Co.	**$15,923**	**$15,236**	**2,379**	**2,386**
Food Stores	14,473	13,931	1,318	1,428
Drug Stores	859	789	618	606
Convenience Stores	311	260	443	352
Nonretail	280	256		
Federated Department Stores	**$ 9,672**	**$ 8,690**	**589**	**551**
Department Stores				
Bloomingdale's	903	788	15	14
Abraham & Straus	781	732	15	15
Burdines	692	630	28	25
Foley's	682	626	17	15
Bullock's	674	588	22	28
Rich's	602	509	18	17
Lazarus	453	420	17	17
Sanger Harris/Levy's	447	399	18	16
Shillito Rikes	381	360	14	14
Filene's	328	292	15	14
Goldsmith's	164	148	6	6
Boston Store	149	131	8	8
Specialty Stores				
I. Magnin	310	276	26	25
The Children's Place	136	103	139	114
Supermarkets				
Ralphs	1,711	1,474	126	127
Mass Merchandising				
Gold Circle	628	590	50	50
Richway	432	401	31	31
Lucky Stores	**$ 9,237**	**$ 8,388**	**1,395**	**1,629**
Food Stores and Supermarkets	6,207	5,547	622	567
Lucky				
Eagle				
Food Basket				
Kash 'n Karry				
Department Stores				
Gemco	2,326	2,135	77	76
Specialty Stores	704	707		
Apparel			110	357
Pic-A-Dilly				
It's-A-Dilly				
Yellow Front				
Automotive			377	439
Kragen				
Checker				
Honey's				
Fabric			209	190
Hancock				
Fabric Warehouse				
Dayton Hudson	**$ 8,009**	**$ 6,963**	**1,136**	**1,075**
Target	3,550	3,118	215	205
Mervyn's	2,141	1,689	126	109
Dayton Hudson	1,548	1,484	36	36
Specialty Stores				
B. Dalton and Pickwick	490	445	751	701
Lechmere	280	227	8	6
F. W. Woolworth Co.	**$ 5,737**	**$ 5,456**	**5,549**	**5,276**
U.S. Woolworth	1,906	1,821	1,210	1,230
Kinney Shoe (U.S.)	1,160	1,016	2,592	2,404
Kinney			1,644	1,671
F. W. Woolworth Co. (cont'd)				
Susie's Casuals			246	260
Foot Locker			619	518
Lady Foot Locker			122	38
Fredelle			116	114
Frugal Frank's			26	21
Richman Brothers	249	222	310	315
Richman			201	210
Anderson-Little			109	105
J. Brannam	82	71	37	38
Little Folk (Includes Kids Mart)	73	33	167	120
Foreign	2,269	2,293	543	537
Household International (Retail)	**$4,695**	**$4,632**	**919**	**988**
Supermarkets	2,490	2,434	176	176
General Retail	2,205	2,198	743	812
May Department Stores	**$4,694**	**$4,152**	**1,864**	**1,584**
Department Stores				
May Co. (California)	786	725	34	34
Hechts	532	477	23	23
Famous-Barr	451	416	16	16
Kaufmann's	327	301	11	11
May Co. (Cleveland)	230	211	10	10
Meier & Frank	211	204	7	7
G. Fox & Co.	193	173	8	8
May D&F	178	148	12	11
M. O'Neil Co.	166	156	10	10
Strouss	93	92	8	8
May-Cohens	69	68	6	6
Venture	915	779	57	51
Volume Shoe	543	425	1,662	1,389
Melville	**$4,413**	**$3,902**	**5,911**	**5,747**
Apparel				
Marshalls	1,190	1,062	209	174
Chess King	201	190	507	494
Foxmoor	162	176	618	621
Wilsons	74	61	142	116
Footwear				
Meldisco	933	848	2,055	2,042
Thom McAn	448	444	1,103	1,167
Open Country	30	26	90	87
CVS	900	734	555	513
Kay-Bee Toy & Hobby	347	281	533	456
Linens 'n Things	128	80	99	77
Supermarkets General	**$4,347**	**$3,518**	**244**	**216**
Pathmark	3,286	3,049	175	147
Supermarkets			133	130
Drug Stores			42	17
Rickel Home Centers	347	275	40	36
Department Stores (Howland, Steinbach, Hochschild, Kohn)	182	193	29	33
Associated Dry Goods	**$4,107**	**$3,718**	**333**	**318**
Department Stores				
Lord & Taylor	695	630	42	40
J. W. Robinsons (Calif.)	520	470	21	21
L. S. Ayres	300	275	18	18

$100 MILLION CLUB

Chains and Divisions	Volume (in millions) Most Recent Fiscal Year	 Prev. Fiscal Year	Units Most Recent Fiscal Year	 Prev. Fiscal Year
Associated Dry Goods (cont'd)				
Sibley, Lindsay & Curr	190	172	14	14
Joseph Horne	185	170	13	13
Denver Dry Goods	145	128	12	12
Hahne	120	112	8	8
Goldwater's	112	102	9	9
Robinson's (Fla.)	94	84	7	7
Stewart's Dry Goods	75	70	7	7
Powers Dry Goods	50	48	7	7
Caldor	1,254	1,100	103	95
Loehmann's	308	290	72	67
R. H. Macy & Co.	**$4,065**	**$3,468**	**96**	**93**
Macy's New York	1,250	1,045	19	17
Bamberger's	1,200	1,055	23	23
Macy's California	1,025	880	23	22
Davison's	320	270	14	13
Macy's Midwest	230	215	17	18
Allied Stores	**$3,970**	**$3,676**	**597**	**570**
Department Stores				
Jordan Marsh (New England)	510	470	17	16
The Bon	470	430	37	36
Joske's	430	400	28	28
Stern's	390	350	17	16
Mass Bros.	320	350	19	19
Jordan Marsh (Florida)	260	250	15	15
Pomeroy's	140	130	15	14
Miller & Rhoads	130	120	22	22
Donaldson's	120	110	9	9
Miller's	100	90	13	12
Read's	100	80	6	6
Block's	90	85	11	9
Deys			4	4
Cain-Sloan			4	4
Levy's			2	2
Herp's			6	6
Heer's			2	2
Muller's			1	1
Specialty Stores				
Brooks Brothers	220	200	47	45
Bonwit Teller	140	125	15	14
Garfinckel's	110	100	10	10
Ann Taylor	100	70	59	50
Catherine Stout Shops and Plus-Size	100	75	190	182
Plymouth	47	45	48	46
Carter Hawley Hale	**$3,724**	**$3,101**	**268**	**242**
Department Stores				
The Broadway (So. Calif.)	940	815	40	40
Emporium Capwell	660	570	22	21
John Wanamaker	479	340	16	16
Weinstock's	250	215	12	12
Thalheimers	250	220	25	26
Broadway-Southwest	170	145	10	10
Specialty Stores				
Neiman-Marcus	620	510	21	18
Holt-Renfrew	205	180	16	17
Contempo Casuals	90	70	105	79
Bergdorf Goodman	60	36	1	1

Chains and Divisions	Volume (in millions) Most Recent Fiscal Year	 Prev. Fiscal Year	Units Most Recent Fiscal Year	 Prev. Fiscal Year
BATUS (Retail Group)	**$3,374**	**$3,145**	**247**	**232**
Saks Fifth Avenue	940	836	40	38
Marshall Field's	730	675	21	21
Gimbels East	485	470	20	20
Kohl's Dept. Store	245	211	34	31
Frederick & Nelson	235	228	15	15
Gimbels Midwest	210	200	9	7
Gimbels Pittsburgh	165	160	7	7
Ivey's-Carolinas	120	110	13	13
Ivey's-Florida	105	95	12	12
The Crescent			3	3
Specialty Stores				
Breuners			17	17
Thimbles			16	8
Zayre Corp.	**$3,123**	**$2,614**	**847**	**749**
Zayre	2,196	1,902	290	275
Hit or Miss/T. J. Maxx	927	712	557	474
Mercantile Stores Co.	**$1,707**	**$1,626**	**78**	**77**
Gayfers	300	285	11	12
McAlpin's	300	270	9	9
The Jones Stores	180	170	7	7
Castner Knott	180	160	11	10
Joslins	165	145	10	9
Gayfers Montgomery/Fair	140	130	6	6
Bacons	130	105	6	6
J. B. White	120	112	7	7
The Lion	100	90	3	3
The Right House			3	3
Hennessy's			3	3
Root's			1	1
deLendrecie's			1	1
Glass Block			1	1
McCrory Corp.	**$1,608**	**$1,518**	**1,556**	**1,515**
McCrory	918	818	756	716
Lerner[1]	690	700	800	796

[1] Sold in April 1985

Source: Chain data and *Chain Store Age Executive* estimates

$100 MILLION CLUB

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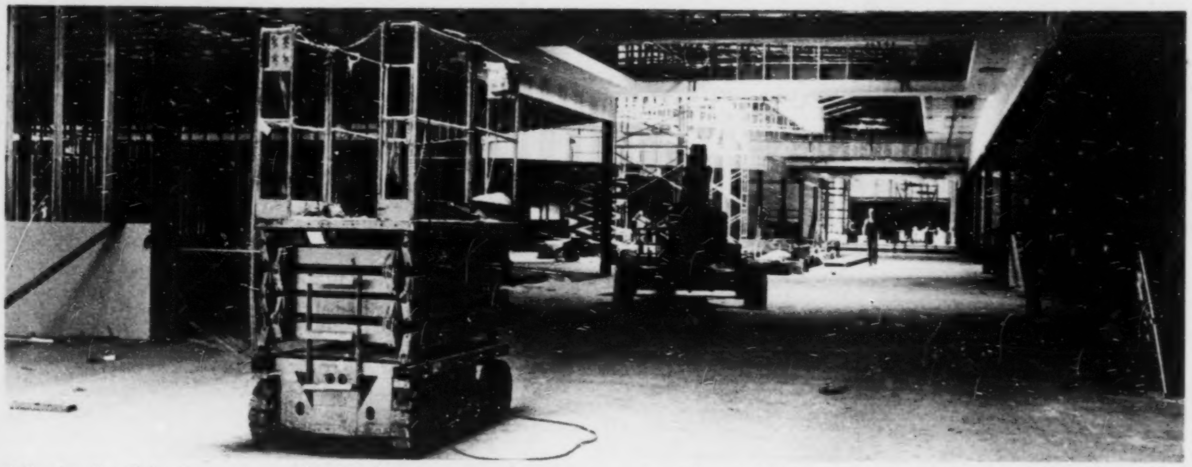

Of regional mall developers surveyed, 84% of the group sees financing as more readily available than it was 12 months ago.

Project funding eases in placid financial seas

Following years of financing turbulence, relative calm has descended, according to a survey of developers

After several years of turbulent seas, relative calm is reigning in financial waters as the majority of developers find center financing easier to obtain and interest rates less variable.

According to a survey of major developers recently conducted by *Chain Store Age Executive* research, nearly three-quarters of the respondents, or 73%, maintain that financing is more readily available than it was 12 months ago.

The feeling is even more pronounced among those respondents who are primary developers of regional malls. Eighty-four per cent of this group sees financing as more readily available, compared with 65% of the developers defining themselves as being primarily involved in neighborhood strip center construction. (Of the total survey participants, 57% list neighborhood strips as their primary area; 42% say regional malls; 2% say neither area is primary.)

Somewhat surprisingly, only 27% of the neighborhood center group reports that it is increasing the number of development projects as a result of greater financing availability.

Regional mall developers are taking this same attitude, with only 33% increasing their projects on tap. Obviously, they've learned a lesson from this past recession and are taking a cautious attitude lest they again be caught with too much space ready to open just as retailers are drawing in their horns.

Methods used to obtain long-term financing

	Neighborhood strip centers	Regional malls
Insurance companies	71%	81%
Commercial Banks	45	44
Savings and loan	21	22
Pension funds	18	16
Syndication	16	9
Internal funding	13	9
Industrial revenue bonds	11	6
Public monies such as bonds	3	3
Revolving lines of credit	3	3
Urban development grants	—	—

Source: *Chain Store Age Executive research*

As a total, the respondents report having an average of 5.1 projects currently under construction. The number is somewhat higher for strip centers at 5.8.

The big surprise may be that the regional malls aren't far behind at 4.1. Certainly regional mall development hasn't returned to the go-go times, but there is likely to be a great deal of new space available in the next few years. This fact, combined with the expansions still taking place, plus the retenanting of existing space, promises to provide opportunities for both the growth of existing business and the start-up of new formats.

Yet, both retailers and developers still have to cope with interest rates that may be higher than most would like. The days of single-digit rates already seem like a distant dream.

On average, the respondents are currently paying interest rates of 11.2% for short-term financing. Primary developers of neighborhood strips are paying slightly more at 11.3% than are their regional mall counterparts at 11.1%.

Short-term rates are expected to remain stable, at 11.2% on average, through the end of this year.

As for long-term rates, these now only slightly exceed those paid for short-term monies. According to the survey respondents, long-term rates currently average approximately 11.4%. These are projected to climb slightly by the end of the year, to approximately 11.5%.

The relatively small increases in both short- and long-term rates are in

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keeping with sentiment that interest rates are now riding on more placid seas. Specifically, looking back over the past 12 months, 50% of the respondents believe that interest rates are less volatile than they were a year ago; 33% believe they are more volatile, and 17% believe they are just as volatile.

As in the case of interest rates, the majority of respondents also expect little change in the availability of financing over the next year. Fifty-five per cent expect it to be as readily available, 27% expect it to be more readily available and 18% expect it to be less readily available.

However, the biggest question mark on the financing horizon is definitely what actions might be taken by the Federal Government in an effort to reduce the Federal deficit. Eighty per cent of the survey participants pointed to this factor when asked to predict what might have an on financing availability in 1986.

A general slowdown in the economy was cited by 60%; tax reform, 48%; trade deficit reduction actions, 28%, and cutbacks in public funding, 17%.

Methods used to obtain short-term financing

	Neighborhood strip centers	Regional malls
Commercial banks	95%	79%
Insurance companies	30	35
Internal funding	20	18
Pension funds	13	18
Revolving lines of credit	13	18
Savings and loan	10	15
Industrial revenue bonds	8	9
Syndication	8	9
Urban development grants	5	9
Public monies such as bonds	3	—

Source: *Chain Store Age Executive research*

Currently, the prevailing source of short-term financing is commercial banks, particularly for those involved in neighborhood strip center projects. Virtually all respondents with involvement in this area (85%), are using commercial banks for short-term financing needs. Nearly 8 in 10, or 79%, of regional mall developers are also utilizing this source.

Insurance companies are the next most prevalent means of short-term financing. They are used slightly more by the regional mall (35%) than by the neighborhood strip center (30%) developers.

Given the considerably lower price tags, it isn't surprising that slightly more neighborhood strip center developers (20%) use internal funding for short-term needs than do regional mall developers (15%). Indeed, the fact that the regional mall number is even this high shows the relatively strong cash flow being generated by many regional mall projects.

While playing a supporting role in short-term financing, insurance companies are the stars when it comes to filling long-term financing needs. These represent the most prevalent means of obtaining long-term financing for developers of both types.

Eighty-one per cent of the regional mall developers and 71% of the neighborhood strip center developers use insurance companies to help fill long-term financing needs.

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Factors predicted to have major impact on financing availability in 1985

	Total	Neighborhood strip centers	Regional malls
Actions aimed at reducing Federal deficit	80%	82%	76%
General slow-down in the economy	60	59	60
Tax reform	48	41	56
Trade deficit reduction	28	24	32
Cutbacks in public funding	17	15	16

Source: *Chain Store Age Executive* research

Interest rates currently paid for short-term financing

	Total	Neighborhood strip centers	Regional malls
Less than 10%	12%	9%	16%
10-13%	88	91	84
(MEAN)	(11.2)	(11.3)	(11.1)

Source: *Chain Store Age Executive* research

long-term monies for 69% of the regional mall developers and 55% of the neighborhood strip developers.

In contrast, commercial banks are used by only 44% of the regional mall developers and 45% of the neighborhood strip center developers when it comes to long-term needs.

Despite all of the recent discussion over the possible impact of cutbacks in Government monies available for development, this study indicates this isn't likely to have a major effect on shopping center construction. According to the survey, public monies and Urban Development Action Grants do not appear to be viable sources of long-term financing for either area of development activity.

The survey participants expect little change in relative use of financing sources for either long- or short-term needs during 1986.

However, one relatively significant change that has already taken place in financing sources over the past two years has been the increased willingness of regional mall developers to participate in joint venture projects. The likely reasons include the larger price tags for regional mall developments, the still relatively high cost of money and a corresponding desire to share the risks (and a willingness to share the benefits) entailed in such development.

Specifically, 32% of the regional mall developers say that their willingness to joint-venture projects has increased over the past two years, while 52% say it has remained the same.

As one developer points out, "Land, for example, is costing us a lot of money making it difficult to finance such projects 100% on our own."

While joint-venturing is becoming slightly more popular, fewer developers appear to be having to deal with the problems posed by lender requests for equity positions.

According to the survey, the majority of regional mall developers, 79%, reports that lenders are not asking for equity positions in development projects. This situation is, in part, a result of the increased availability of financing and more competition among financing sources.

For those few developers still faced with having to give lenders an equity position, the average amount is 22.2% of the project's value. ■

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Going after it all:

Manufacturers take new lease on retailing

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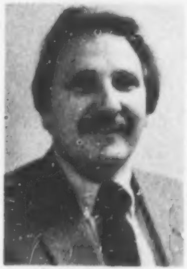
SPECS FORUM

By Ellis Rowland

SPECS '86: A new chapter



As you may have noticed on the masthead of this month's issue, *Chain Store Age Executive* has a new publisher, Jim deGraffenreid. I will be moving to the position of director of marketing for our company, Lebhar-Friedman Inc., and as a result, SPECS '86 will have a new general chairman.

Although I could very easily become sentimental at a time like this, the future looks too exciting and the past has too many great memories.

I recall my first SPECS in Chicago when one of our speakers had a personal emergency at the last minute and was unable to attend. We approached two attendees and they agreed to give it a try. They not only put on the entire workshop, but gained high marks from the participants on our evaluation questionnaire.

It has been this spirit of participation that I have experienced over and over again as general chairman of SPECS during the past nine years.

The SPECS Retailer Advisory Board meetings have been interesting and dynamic. I truly appreciate the many people who have taken time from their busy schedules to meet with us across the country. These meetings have brought forth ideas for programs and format changes that have strengthened SPECS. The inclusion of management training sessions, computer workshops and off-site tours all came from ideas generated at Advisory Board meetings.

And I can't forget the contributions of our Supplier Advisory Board. Their interest and ideas have been outstanding and have added to all phases of our program.

I have also been very fortunate to work with wonderful people on our staff. They have given their time and talent to making SPECS a success while simultaneously performing their primary task of producing our magazine.

I'm proud that we have used SPECS as a forum to recognize and honor the outstanding achievements of our peers through the New Store of the Year awards. Again, ideas and suggestions from you helped to make this program bigger and better.

Yes, my SPECS experience has been rewarding, because it has been a time of people helping, sharing and contributing. The criticisms have been constructive, the contributions have been positive and as a result, both SPECS and I have grown.

For that, I thank you all—retailers, exhibitors and staff.

F.Y.I.

Brennan has high hopes for Montgomery Ward

When Montgomery Ward announced the closing of its 113-year-old catalog operation last month, Bernard F. Brennan, president and ceo, set the pattern the chain has planned for itself: "Our goal is to become a contemporary single-focused retailer."

Ward already has sold part of its floundering Jefferson Ward discount chain to Bradlees and will either sell off or close the rest of the stores, most of which are in Florida. Reports are that its entire buying staff was dismissed.

The fact that the catalog operation was in trouble was no secret (*Chain Store Age Executive*, March 1985). It lost an average of $50 million annually since 1980. Observers comment only that it appealed to too narrow an audience ("How many customers for polyester are there?"), it was frequently not in stock, and there were many returns.

As for the main part of the business, Mobil doesn't seem to have any inclination to take the drastic action of closing Montgomery Ward stores. Withdrawal costs in buying out leases would be astronomical. Thus, Mobil is expected to keep the chain alive (it recently opened a stores-within-a-store prototype in Annapolis, Md.), hoping that it will find one buyer for the whole shebang or a group of buyers for clusters of the chain.

S&P gives Petrie Stores a much-improved rating

Petrie Stores is back on the favorable side of Standard & Poor's, which recently raised the rating on Petrie subordinated debentures from double-B-plus (junk bond) to a triple-B-minus (recommended investment). The debentures are exchangeable for Toys "R" Us common shares. Petrie owns 24% interest in the toy retailing chain. The raise in effect says that Petrie now has adequate capacity to repay the principle and interest on time.

Harold Green, S&P analyst, says Petrie got its double-B-plus rating after it acquired Miller-Wohl, another women's apparel chain, last year. Miller-Wohl had been in a downturn but Petrie turned it around. It did the same for Winkelman Stores, which it also acquired during the past couple of years, and the improved results flowed to the bottom line. It did this by improving merchandise mix and in-stock positions, as well as integrating their electronics systems into the Petrie system.

At the same time, Petrie began an aggressive remodeling of its own stores and has been expanding its recently acquired chain of teenage apparel stores. The Rave stores average 2,500 sq. ft. and can be fitted into other existing Petrie, Miller-Wohl or Winkelman stores.

Clarification

In the August 1985 issue, *Chain Store Age Executive* reported Sears, Roebuck's 1984 domestic merchandising (retail) sales as $21,671,000,000. William Bass, chairman of Sears' Merchandise Group, explains that his group's revenue also included $1,894,000,000 from its credit operation and $2,943,000,000 from its international holdings. This totals $26,508,000,000.

Earnings from the entire Merchandise Group were $905 million, or 3.4% of total revenue and its return-on-equity was 14.9%. This widens the gap between Sears and K mart, whose 1984 domestic merchandise sales were $20,188,000,000, and total revenues including its Canadian retail sales, its insurance and finance operations, and its equity holdings in Australia and Mexico totaled $21,095,000,000.

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[2] Credit Card Usage Diary Panel, 1983-84, Market Facts, Inc., NY

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This same company had previously used polygraphs. Initially, when the switch to pen and pencil honesty testing was made, the test results of some candidates were matched up with polygraphs they had taken. The results, says the retailer, were basically the same. In fact, written test takers admitted to even more wrongdoing than they had on the polygraph.

According to James Walls, senior vp of Stanton Corp., a producer of transparent tests, "When people take a written test they are likely to be much less defensive than in a one-on-one interview situation." And, he claims, people who shoplift have a different set of values that's reflected in the test

"When they [shoplifters] take the test, they tend to admit to a small portion of what they have done. They feel if they answer a test without indicating that they've ever taken something then they won't be believed," he maintains. "Applicants don't feel threatened doing this because they feel it's a normal thing to do."

Walls also claims that people have gotten much more dishonest in the past 20 years. "In the 1960's, we found that the majority of the people were trustworthy. There was a rejection rate of 12%," he reports. "By the 1980's, the rejection rate had increased to 30%. This is based on actual admissions of stealing."

Both Stanard and Walls have found that the typical "high risk" job applicant is in the 17- to 23-year-old age bracket and is likely to be a student.

People in this age group have a rejection rate of 30% on the Stanton test. "They are the ones who have given unauthorized discounts, stolen from employers and indulged in price tag switching," Walls reports.

"For those in the 23- to 30-year-old age bracket, the rejection rate is 22% to 25%," he continues. "It drops steadily as the age of people goes up and they become more serious and committed to their jobs. Younger people have more mobility; it's easier for them to float from job to job. The 30-40 year olds have a rejection rate of 17%-20%, and those 40 to 50 have a rejection rate of 10% to 12%." ■

SECURITY

Shoplifting dynamics: Who, what, when, where and how?

Shoplifters are most likely to be apprehended between the hours of 3 p.m. and 6 p.m., according to the *22nd Annual Report on Shoplifting in Supermarkets, Drug Stores and Discount Stores* conducted by Commercial Service Systems (CSS), Van Nuys, Calif. The study is based on 1984 shoplifter apprehensions by participating retailers.

The report looks at the dynamics of shoplifting in the discount store, drug store and supermarket retail categories using a representative sample.

The survey, conducted among CSS's retail clients, indicates that 35.9% of all discount store apprehensions took place during this time frame, followed by 35.4% in drug stores and 34.5% in supermarkets.

Most apprehensions in the supermarket group, 16.3%, occurred on Fridays. However, Saturday was the day that shoplifters were apprehended most often in drug stores (17.1% of all apprehensions) and discount stores (19.7%).

The study indicates further that the gender of the shoplifting offender is likely to vary according to retail category. Among adult offenders more men were apprehended for supermarket shoplifting than were women. The situation was reversed in the case of drug stores and discount stores.

Specifically, the report shows that during 1984 56.9% of adult supermarket shoplifters were male, compared with 49.8% of those apprehended in drug stores and 49% of drug store offenders. Conversely, reportedly only 43% of the supermarket shoplifters apprehended were female but 50.9% of those in discount stores and 50.1% of those shoplifting in drug stores

Methods of concealment*

	Supermarket	Drug store	Discount store
Purse	28.2%	25.4%	28.3%
Shopping bag	2.1	2.7	2.9
Other bag	3.6	4.9	2.8
Pocket	23.1	28.8	27.4
Label switching	1.1	0.5	1.5
Accomplice	3.0	3.8	3.1
Under clothing	29.3	24.3	20.9
Other method	8.9	9.2	12.5
Not indicated	0.2	0.1	—

*Primary method reported
Source: Commercial Service Systems, Van Nuys, Calif.

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The retail business is on the move. Find out who are some of the movers and shakers making things happen in the industry in the October issue of *Chain Store Age Executive*.

were women.

Among juveniles, however, males were by far the main offenders. The report estimates that they accounted for 61.4% of supermarket shoplifters, 58.5% of discount store shoplifters and 56.7% of drug store offenders. In comparison, only 38.5% of the juvenile shoplifters in supermarkets were female, 43.2% in drug stores and 41.8% in discount stores.

Of the adults who were apprehended for shoplifting, 44.4% were prosecuted by the discount operations, 38.7% prosecuted by the supermarkets questioned and 37.9% prosecuted by the drug chains.

Among juvenile shoplifters apprehended, drug stores referred 19.7% to the authorities; the supermarkets referred 29.3%; and the discount stores, 32.8%.

In direct contrast to the adult pattern, the retailers showed themselves more likely to take action against female juveniles than against males. Specifically, 22.2% of juvenile female shoplifters were referred to the authorities by the drug store operators, 30.3% by the supermarkets and 35.2% by the discount stores.

The CSS report indicates that the average value of merchandise recovered by the discount stores per apprehension was $24.21. For the drug stores, the value was $16.14, dropping to $11.97 for the supermarket operations.

However, the average number of items recovered per apprehension was highest at the supermarket level, at 3.3. This is followed by the discount store figure of 3.1 items and the 3.0 items recovered on average by the drug store operations.

The single largest group of shoplifters apprehended in each retail category surveyed was the 18- to 29-year-old age group, according to the report. Specifically, 37.4% of the discount store offenders were found to be in this age group, 36.3% of the supermarket group and 28.9% of those apprehended in drug stores.

As for concealing the stolen merchandise, the methods most popular vary according to individual retail classification.

For example, under clothing was the method used by 29.3% of the supermarket shoplifters, followed by 28.2% using a purse and 23.1% using pockets.

Among drug store offenders, the pocket was the most popular, used by 28.8%, followed by purses, 25.4% and under clothing, 24.3%.

The discount stores reported that purses were the most popular, used by 28.3%, followed by pockets, used by 27.4%, and under clothing, a method employed by 20.9%. ■

RETAIL TECHNOLOGY

October 1985 / SECTION TWO

ELECTRONIC SHOPPING:
At home in stores

RETAIL TECHNOLOGY

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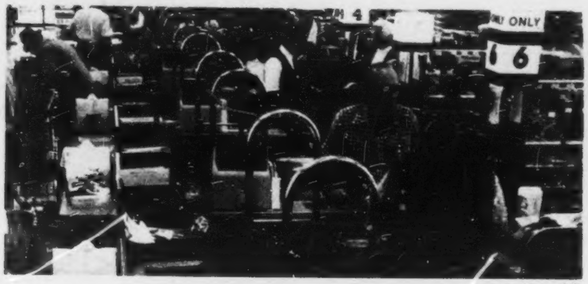

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Shopping by TV or PC: Is it viable?

Chain Store Age Executive's survey examines consumer readiness

Will electronic in-home shopping systems eventually become a viable channel of retail distribution?

There's no clear cut answer to this question. But what does appear obvious, according to a recent study conducted by *Chain Store Age Executive*, is that consumers still aren't ready to embrace at-home systems as an acceptable alternative to in-store shopping.

The *Chain Store Age Executive* study involved a survey of 500 consumers in Boston, Atlanta, Columbus, Ohio, San Antonio and Los Angeles. The eligible respondents were males and females 21 years of age or older who shop for nongrocery items at least once a month.

In addition, all of the respondents reside in households which subscribe to a cable television service and/or own a personal computer.

The purpose of the survey was to assess consumer attitudes toward electronic shopping, while a secondary objective was to provide retailers with some insight into the impact that consumer electronic shopping might have at the retail level.

According to the survey results, electronic shopping systems based on either cable television or personal computer availability currently appear likely to have only a very slight impact upon retailers. This conclusion is based on the following data:

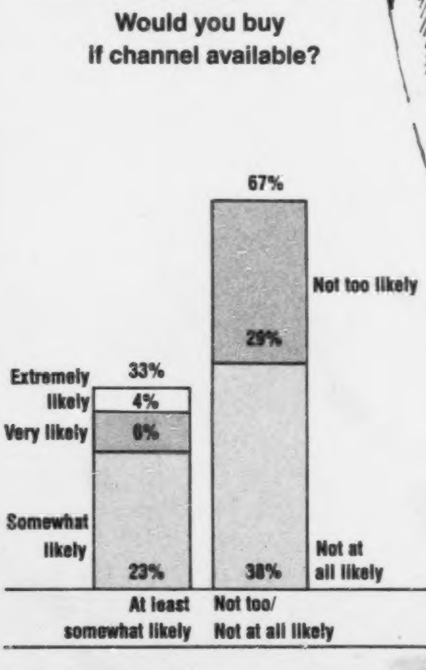
- Cable television penetration averages 44% in the five markets studied. Comparable figures for personal computer ownership.
- Only a small proportion of cable television subscribers (4%) and owners of personal computers (4%) have ever purchased merchandise via these media.
- Those without access to electronic shopping via their respective medium or who don't know if they have access expressed relatively low levels of interest in using electronic shopping—and even if access to such systems was offered them at no cost. The primary reason for not wishing to utilize such a system was a strong preference for actually visiting the stores. This was indicated by such phrases as "I like to see what I'm buying," "I like to go shopping" and "I prefer to go to the store/do it in person."

One of the major impediments to greater use of such systems may very well be the technology now available—currently confined largely to videotext-based systems. As Susan Engel, a partner in Booz Allen & Hamilton, points out, "Videotext does not have the capability of putting on the screen the rich variety of retailing and merchandising available in the real world."

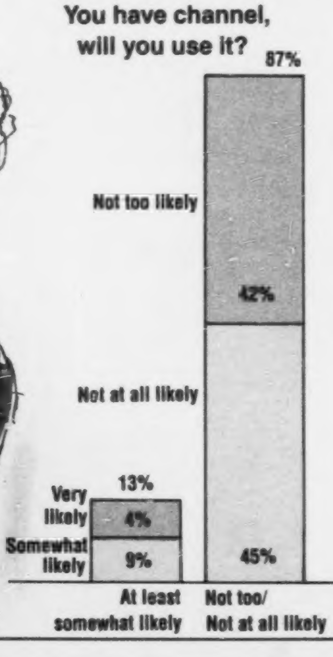
Because of videotext's limitations, most at-home electronic shopping is thus being confined "to hard goods price comparisons," says Engel.

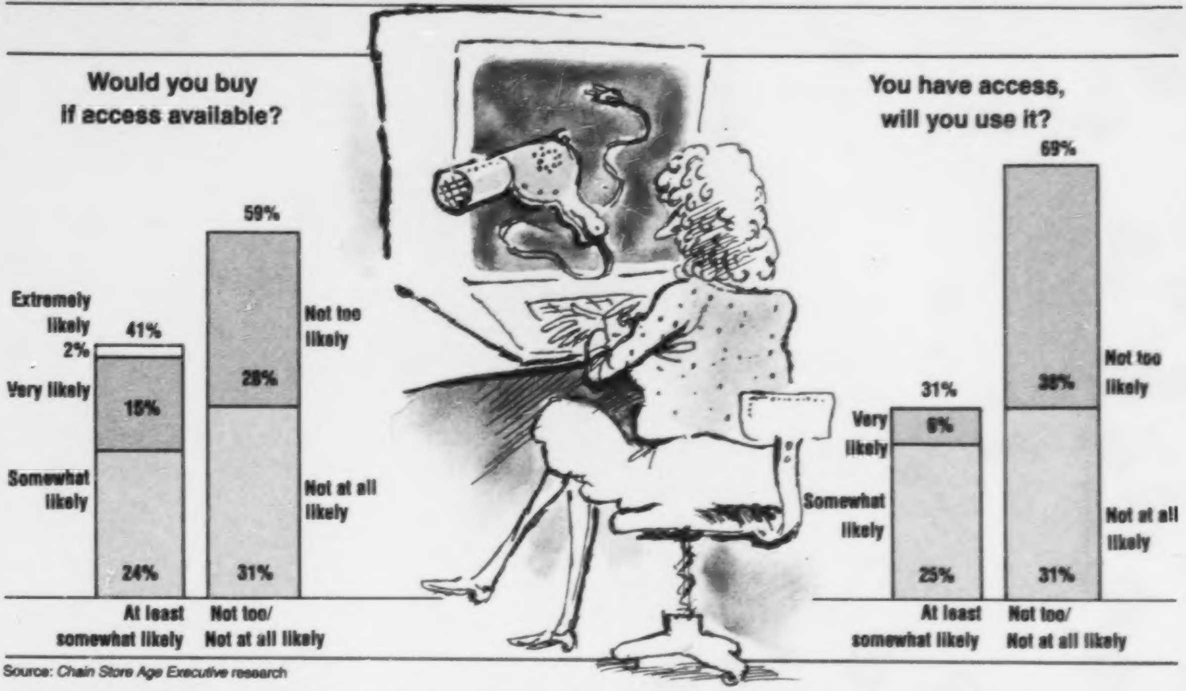
It is estimated that 70% of purchases now being made through such systems are of consumer electronics, admittedly a hot area throughout retailing.

However, according to the *Chain Store Age Executive* study, only 12% of those with current access to cable television shopping channels are "at least somewhat likely" to make a purchase utilizing this system. All cable subscribers were asked to rate their likelihood of purchasing merchandise through such a system based on a five point scale, ranging from "extremely



Source: *Chain Store Age Executive* research





Source: *Chain Store Age Executive research*

likely" to "not at all likely."

The propensity to utilize such a system at some point during the next 12 months is somewhat higher among the 76% of the cable subscribers who either do not have access to such a channel, or who don't know if their cable television service offers such a channel. Of this group, 32% say they are at least somewhat likely to utilize such a service if it were made available to them at no additional charge.

This increased interest may actually be related to the limitations of current systems since those who already have access are obviously more aware of exactly what such systems offer to them.

It isn't surprising that one subgroup which appears more inclined to use such systems for shopping are frequent mail or telephone shoppers, defined as those who make four or more purchases a year. The likelihood also appears to be stronger in households reporting income of over $30,000 a year. It can be assumed that many of these households are comprised of two-career couples who obviously face many time pressures and thus may be lured by the convenience of shopping through such a system.

Convenience appears to be by far the most likely reason for any interest expressed in utilizing such a system in the future. Specific responses included "It would save time," "I wouldn't have to leave home/go out to the store" and "It makes shopping easy/easier."

Other positive motivators include "I would like to try it," "Sounds good/good idea," "It's new/like to try new things" and "I already shop by catalog."

On the negative side, the main obstacle to usage is quite simply "I like to go shopping."

Among the cable television subscribers who are at least somewhat likely to purchase merchandise via a shopping channel, books are most definitely the category of merchandise they are most likely to consider buying, cited by 65%. This is followed by: appliances/small electric items (57%); records (52%); sporting goods (47%); games (43%); apparel (41%).

It is estimated that 70% of purchases being made through such systems are of consumer electronics

Instead of the future of at-home shopping being linked to cable channels, it now looks like more of the growth may come about through personal computer-based accessible systems.

Of the 33% of the total survey respondents who own a personal computer, only 13% report they are able to access a shopping service. Three-quarters of the owners are unable to access a shopping service (76%) and 11% are unsure.

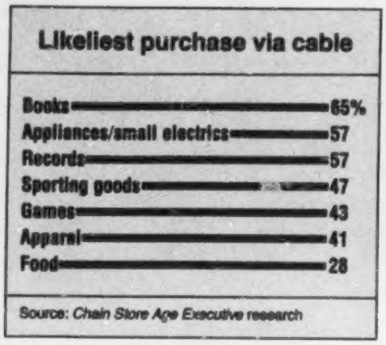
In addition, most of the computer owners who are able to access a shopping system have only had this capability for one year or less (55%).

The positive news, though, is that interest in utilizing such a system appears significantly higher among both present and potential system accessors. Specifically, 31% with the present capability to access such a system are "at least somewhat likely" to use it for making a purchase sometime during the next 12 months. Of this group 6% are "extremely likely" to use the system.

In addition, 41% of those computer owners presently lacking the capability are "at least somewhat likely" to utilize such a system if they are provided access to one in the future. Of this group, a healthy 17% are "extremely likely" to purchase goods through such a system when and if one is made available to them.

Thus, it now appears that significant growth in this form of shopping may occur both as personal computer ownership increases and as shopping services become more widely accessible.

The best prospects for selling merchandise, according to the preferences of the total group of computer owners "at least somewhat likely" to use a computer-based system for making purchases, appear again to be books, cited by 74%. This category is followed by the following: appliances/small electric items (54%); records (52%); games (51%); sporting goods (45%); apparel (39%) and food (32%).

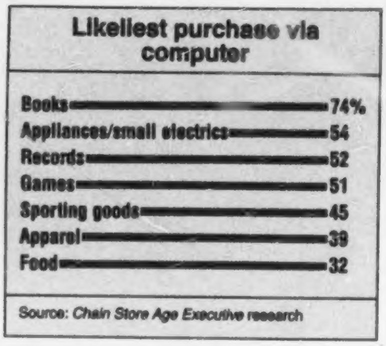


Source: *Chain Store Age Executive research*

Again, among the respondents expressing positive future purchase interest, convenience is the prime motivator. Specifically, they note that utilizing such a system "makes shopping easier" and "would save time." Most of the convenience aspects, though, were unspecified among this group.

Among other positive motivators, "sounds good/good idea" was mentioned most often.

A significant group of these respondents were also cautious in saying that their likelihood to make future purchases through such a system depends to a large extent on the merchandise offered.



Source: *Chain Store Age Executive research*

Analysis of those consumers who report they would be "extremely" or "very likely" to use a computer shopping service if access software was free and no service fee is charged indicates that better prospects exist among frequent overall shoppers (defined as those who shop for nonfood merchandise once a week or more). There is also a strong indication that those consumers who shop by mail or telephone four or more times per year would be more likely users.

The strongest negative factor impeding computer shopping's growth is, not surprisingly, the fact that many consumers simply like to go shopping. Specifically, they say "I like to see what I'm buying" and "I prefer to go to the store/do it in person."

The major obstacles for those averse to using such a system also include such sentiments as "I have no need/use for it," "I have easy access to store [already]," "I don't trust it," "I'm not interested," "I don't like to shop by mail/television" and simply "I just don't like it."

Yet, despite such negativism, Engel and many others like her still expect electronic in-home shopping eventually to account for a significant portion of merchandise sales—although not as soon as the soothsayers once predicted.

For example, Engel now believes that the big question facing this form of retail distribution is "How will in-home shopping evolve into something more? Specifically, when will the technology be developed that will allow you more merchandising capabilities than are currently being provided through videotext?"

In the meantime, she believes that the emergence of electronic kiosks at the store (and mall) level may have an important role in the eventual utilization of at-home systems *(see related story this issue)*. Having access to such systems affords consumers an opportunity "to experiment now for when that kind of technology is available in the home." She adds that, "There is a need to play around with kiosks so people understand what to do in the home. It is a kind of chicken-and-the-egg phenomenon."

Current state-of-the-art electronic kiosks utilize videodisks. The difficulty in their further utilization, though, is that they are extremely expensive to produce, costing perhaps as much as $125,000 for a single disk.

An even bigger impediment has appeared to be the cost of providing in-home shopping services and the question of who will foot the bill. However, Engel believes that as home information systems (of which most shopping services are a part) start offering additional services, "there will be a different spread of economies through more shared resources." The consequence: such systems will become more economical from both the supplier and user points of view.

Despite all the obstacles, "I firmly believe electronic in-home shopping will happen," says Engel. "It's simply too interesting and too innovative for it not to happen." ■

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